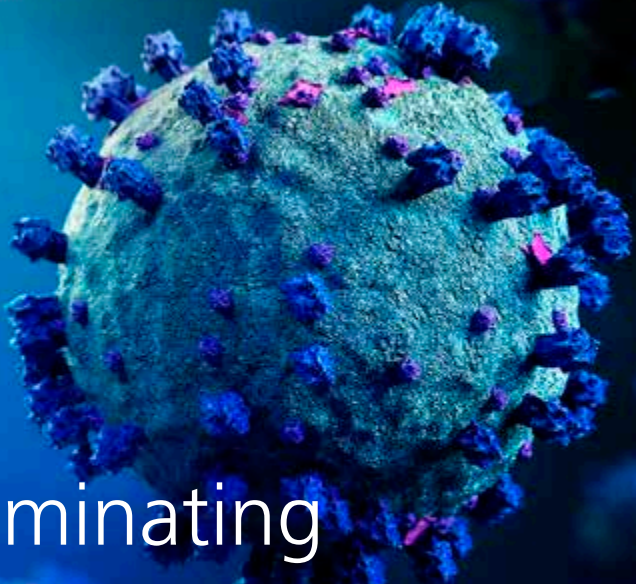




1. The National Bank, central banking in the time of COVID-19

This chapter of the Corporate Report should be read in the light of the developments and trends described in the 2020 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.



COVID-19, the main theme dominating the National Bank's operations in 2020

The Bank monitors the economic repercussions in real time

As soon as it became apparent that the COVID-19 pandemic would have repercussions on the economy, the Bank organised itself so that it could monitor the economic situation in real time.

In the first few months, the Board of Directors met almost every day to discuss the main economic parameters, the financial market situation and the impact on the financial sector. Various departments created new indicators, surveys and statistical overviews as background for the Board of Directors' discussions and to support its decisions. In addition, information was exchanged almost daily with the financial sector, the Belgian business world, the Federal Planning Bureau and various other public bodies. Similarly, the support measures set up by the various governments and public services in Belgium were constantly charted.

During the initial months of the pandemic, the Governor regularly attended meetings of the federal government's inner cabinet, in order to inform the Belgian policy-makers of the potential economic and

financial consequences – particularly the impact of the lockdown – for Belgium's real economy. There was also frequent bilateral contact with members of the government in order to discuss the latest developments. Finally, many activities were also developed in connection with the Economic Risk Management Group.

Of course, as a member of the Eurosystem, the Bank was also closely involved in the measures taken by the ECB to combat the COVID-19 crisis. As a member of the ECB Governing Council, the Governor had a say in the measures adopted by the European Central Bank.

The Bank supports the ERMG, with its finger on the pulse of the economy in crisis

In March 2020, when the coronavirus began to spread like wildfire among the population, the government's first priority was to contain transmission of the virus and ensure that the health system continued to function. To that end, it was obliged to impose unprecedented confinement measures, bringing business to an abrupt halt in some economic sectors, while other sectors scaled down their activities.

The consequences for businesses, the self-employed and households were unprecedented in their speed and scale.

On 19 March 2020, in order to assess more accurately and understand in real time what was happening in the economy, the federal government decided to set up the Economic Risk Management Group (ERMG). That group brings together the main parties involved in economic life – including business federations, unions, the Federal Planning Bureau and university professors – under the dual chairmanship of Pierre Wunsch, the Bank's Governor, and Mr Piet Vanthemsche.

One of the tasks assigned to Mr Piet Vanthemsche and his team by the Wilmès Government was to work with

the competent authorities to ensure that the country's critical infrastructures and businesses continued to operate ("business continuity"). That monitoring, which was crucial in the initial phase of the crisis, focused particularly on the food supply chain.

Pierre Wunsch himself paid particular attention to collating expert opinions at the Bank and from the various partners of the ERMG, in order to assess the impact of the pandemic on businesses, individuals and the financial markets, and to play a coordinating role by listing the measures taken to combat the economic consequences of this crisis.



Prime Minister Sophie Wilmes and the joint Chairmen of the ERMG, Mr Piet Vanthemsche and Governor Pierre Wunsch

The ERMG's main activities

The work of the ERMG delivered a range of outputs. Some of the main ones were:

- the **macroeconomic scenario** presented at the beginning of April by Economics and Research Department teams working with colleagues from the Federal Planning Bureau. That scenario sketched the broad outlines of what the economic shock might imply in 2020 and 2021 in terms of activity, employment and public finances.

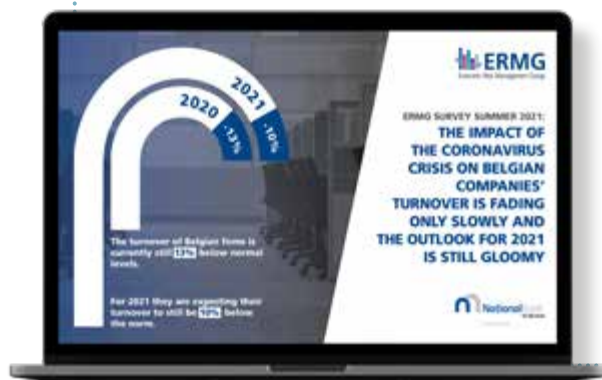
At that point, uncertainty was at its height, both for the policy-makers and for economic decision-makers. Although these projections were inevitably based on assumptions, they provided an initial basis for organising their points of view and considering the measures to be taken. Subsequently, that role was gradually taken over by the usual projection exercises of the Bank and the other institutions.

- the **large-scale survey of thousands of businesses** conducted regularly by the ERMG in order to examine the impact of the crisis on economic activity, the outlook for employment and investment, and the financial health of the firms polled. The questions also concerned the organisation of the work, and particularly recourse to temporary lay-offs and home working.

These surveys, conducted under the aegis of the Bank and the Federation of Belgian Enterprises (FEB/VBO) with the assistance of various organisations representing businesses and the self-employed, helped to make up for the fact that traditional statistics take too long to become available for such an exercise, at a time when the crisis brought weekly changes to the situation of businesses and individuals.

The results of the various waves of the survey are available on the Bank's website. Two online surveys were also conducted on the impact of the crisis on household incomes and consumption behaviour.

- a complete list of indicators which the Bank publishes on behalf of the ERMG in the form of a **COVID-19 Dashboard of economic indicators**, in order to provide a very speedily updated overview enabling anyone interested to keep a close eye on the repercussions of the COVID-19 crisis on the Belgian and international economy. This Dashboard describes the situation of businesses, the financial sector and households, and that of the Belgian and international economy in general and the financial markets. It brings together different types of data in order to cover the various dimensions of the effects of the crisis. Initially produced on a weekly basis, this Dashboard is now updated once a month, as is the ERMG survey.



The results of the ERMG surveys and the latest version of the Dashboard are available on the nbb.be website

In performing these tasks, the ERMG has become a forum where its members discuss the economic impact of the crisis and the measures required to address it.

Eminent representatives of the world of politics, the social partners, universities and the press expressed their appreciation for the interesting and useful information and analyses provided by the ERMG. The two joint Chairs of the ERMG regularly

informed the government of the general conclusions of these discussions.

Within the Bank, this work gave rise to a great deal of interaction between the various Services and Departments, and with external partners, in order to devise new ways of proceeding in the immediate crisis. That experience could be put to good use in other projects once the crisis is over.

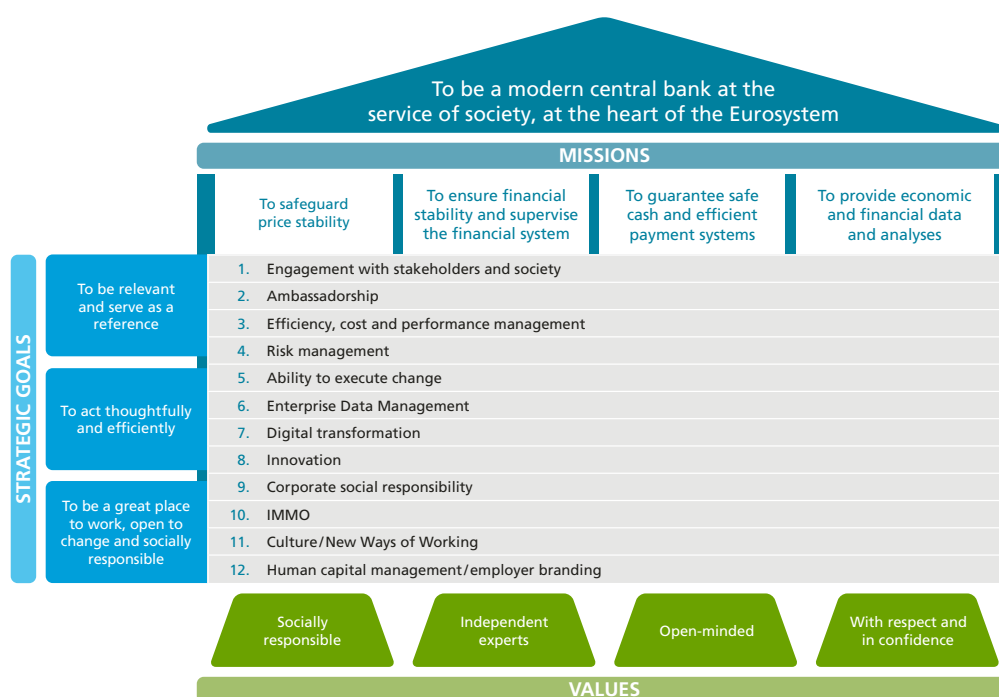
The strategic exercise is well under way

Launched in 2019, the Bank's strategic exercise continued throughout 2020, progressing according to the priorities relating to the COVID-19 health crisis.

The first phase of the exercise was successfully completed in 2019. The management and staff had defined a vision and three strategic goals, and reworded the four missions; all these discussions resulted in four values representing the corporate culture, the Bank's DNA. Sixteen strategic, transversal themes were also defined to support this strategy and ensure that it is implemented over the next four years.

In 2020, working groups of experts from various departments examined each of the strategic themes in depth in order to make recommendations to the Board of Directors. This was the second phase of the strategic exercise.

On the basis of the research carried out, the Directors were able to submit opinions and guidelines in order to launch phase 3, translating the strategic guidelines into operational goals and transformation plans for each of the Bank's departments. This phase will continue in 2021.



Notes on the strategic themes

Engagement with stakeholders and society (Outreach)

The Bank is working to improve its communication with the outside world. In the past year it has mapped and analysed its various audiences and its many stakeholders (government and public institutions, media, education, experts, operational partners such as the supervised institutions, future personnel, the general public) in order to see how best to respond to their expectations via

which channels, in a language accessible to all.

This new communication strategy will involve redesigning some of the communication tools, such as the Bank's website, and launching other media, such as a (video) blog offering short articles in laymen's terms, as well as the detailed articles and research papers currently available on line.

Ambassadorship

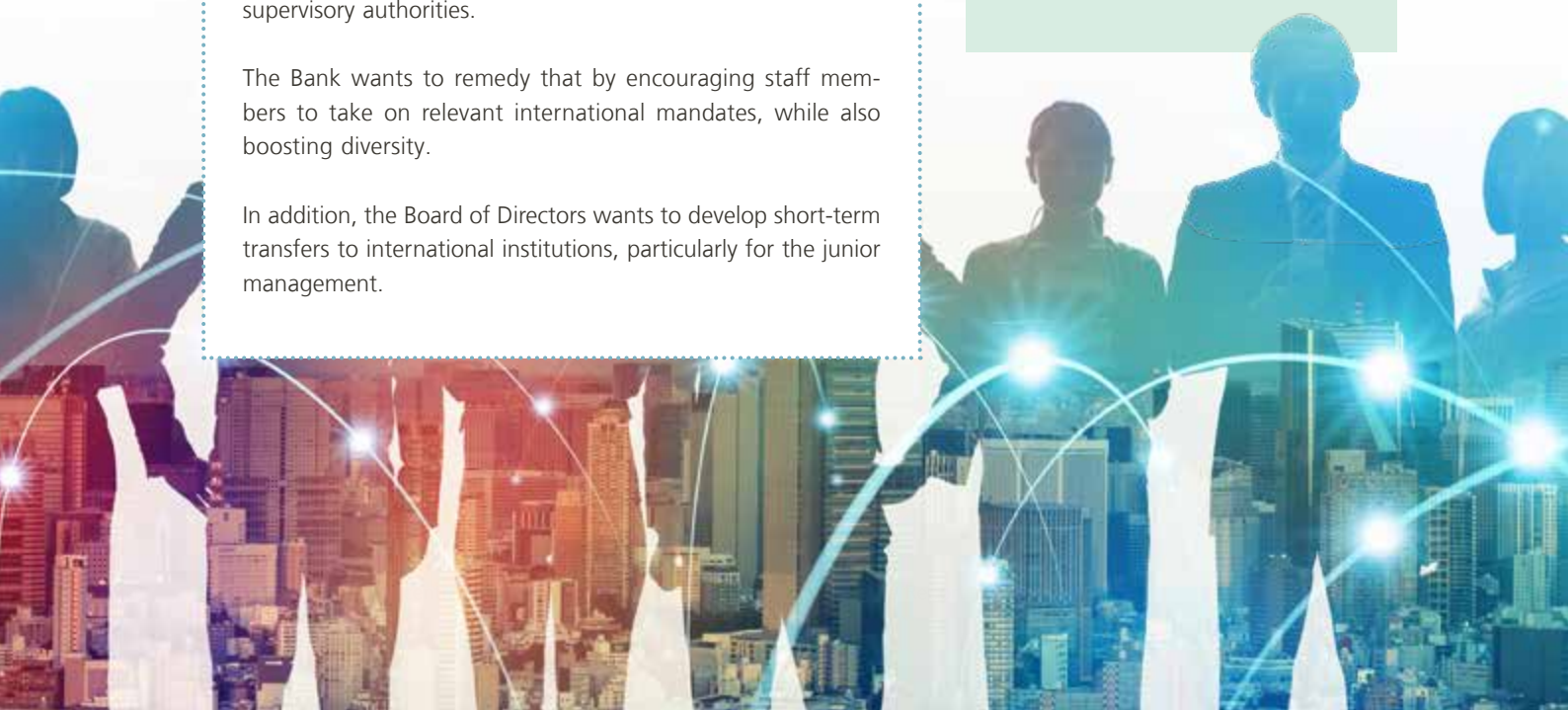
The creation and maintenance of networks, high-level informal contacts, and work behind the scenes are among the essential means of obtaining information, taking part in preparing decisions, and exerting influence, etc. However, at present, the Bank has relatively little representation in international institutions, particularly European institutions and European supervisory authorities.

The Bank wants to remedy that by encouraging staff members to take on relevant international mandates, while also boosting diversity.

In addition, the Board of Directors wants to develop short-term transfers to international institutions, particularly for the junior management.

Efficiency, cost and performance management

As the Bank faces a major challenge concerning staff management in the coming years (when 30 % of the total staff will retire), it seems that our activities must be made more efficient in order to continue to develop while keeping within a responsible budget framework. The same applies to the Bank's social responsibility, which obliges it to take even greater care in using the resources it is given. To become more efficient, the Bank intends to improve its procedures and step up automation and the use of robots. The outsourcing of certain activities – which has already formed part of the Bank's policy for a number of years – will be gradually stepped up.





Ability to execute change

Defined as a strategic theme in 2019, the ability to change took centre stage throughout the past year. In 2020, like many other players in our economy, the Bank was reluctantly obliged to cope with the sudden changes imposed by the health crisis: new ways of working, new tools, new demands, etc.

The Board of Directors commended the staff's ability to make rapid changes.

For the years ahead, the aim is to invest more in the corporate culture in order to respond to changes and increase cooperation between departments via a number of measures concerning the enterprise as a whole. The intention is also to strengthen and explain the role and responsibilities of the main agents of change within the Bank.

As part of this programme, the existing entity in charge of managing transversal IT projects (the Transversal Project Management Office – TPMO) will become an Enterprise Project Management Office (EPMO) for the Bank as a whole, geared to carrying out major transversal transformation projects, following up the project portfolio, analysing and re-engineering the operational processes, and automating and robotising those processes.

With a view to efficiency, cost control and performance management, the Bank encourages wherever possible the revised, harmonised adoption of best practices in corporate project management (methodologies, reports and tools) and the gradual introduction of "agile" practices.

Risk management

As in the past, the Bank is continuing to improve its internal risk management. During the strategic discussions, the current risk framework and risk management were analysed with a view to possible improvements. One outcome of that analysis was the decision to set up a committee to examine the operational risks facing the Bank, in order to assist the Board of Directors. Efforts will also be made to strengthen communication by further developing the risk correspondent network.

In addition, the Bank will embark on other measures, such as awareness campaigns, targeted training in risk management, etc. The aim is to further enhance its maturity in the coming years.

Enterprise Data Management (EDM)

The transformation of the Bank's data management has begun.

With effect from 1 January 2021, the work of collecting and validating data – previously conducted by various entities at the Bank (the Central Balance Sheet Office, the Central Credit Registers, General Statistics and Prudential Services) – now come under a single new Department for Microdata Management.

This reorganisation will enhance data quality and consistency. The administrative burden on declarants will also be reduced as a result of standardised collection via an entity which will serve as the Single Point of Contact.

But there is much more to the project than the standardised collection of useful data: it also covers the compilation, analysis and circulation of those data.

As regards data circulation, the Bank intends to take on an educational role, notably by ensuring that the non-specialist public can understand the concepts addressed and the importance of their content, and also interpret them correctly.

The Bank decided to set up a new Service, the Chief Data Office, headed by a Chief Data Officer. The service will develop the necessary expertise in Data Science (artificial intelligence, big data, machine learning, etc.). The Board of Directors also instructed it to define the principles of data management for the Bank (Data Governance) and the data flow management model (Information Architecture). The service will be a centre of expertise serving the entire Bank.

The General Statistics Department which, together with the new Microdata Management Department, reports to Director Vanackere, will systematically adapt its operations in line with the EDM principles.

The EDM project is also closely interlinked with other strategic themes, such as "Providing economic and financial data and analyses" and "Innovation", but also with contracts that the Bank maintains with its counterparts and with society.



The management of innovation at the National Bank

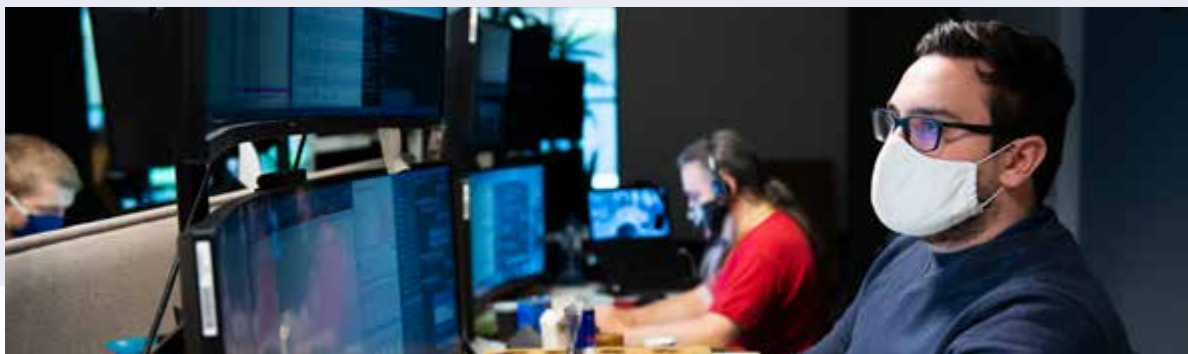
Another strategic theme is innovation, a vital subject if the Bank is to remain a leading player in the Belgian ecosystem. Belgium hosts a large number of major international bodies, not only financial and payment institutions but also European institutions and large companies. The Bank's stakeholders are also constantly innovating.

So, we need to generate an environment which encourages innovative ideas and develops them into mature products. Hence the creation of a dedicated

Innovation Board for testing innovation via numerous initiatives rendering our activities more efficient or more relevant.

During 2020, a first workshop focused on the impact of the new technologies and data processing on financial services, and on the supervisory profession.

The Financial Markets Department developed its first robot prototype. Initial tests were conducted on the use of Optical Character Recognition tools.



Digital transformation

At first, the focus will be on “getting the basics right” and offering staff the opportunity to work anywhere at any time. The “digital workplace” currently offered comprises a number of tools permitting efficient cooperation and document management.

Since COVID-19 obliged the great majority of staff to work from home, users adopted the “digital workplace” strategy and philosophy more quickly than expected.

In subsequent phases, the digital transformation will be gradually incorporated in a growing number of procedures so that it is deployed throughout the Bank.

The goals are as follows:

- To continue the transition to the “digital workplace” with a view to efficiency and cutting the consumption of paper.
- To make progress in regard to data platforms and automation. The use of an open, flexible technology will enable the Bank and its stakeholders to make further advances in Enterprise Data Management.
- To foster and perpetuate the digital adjustments within the Bank.
- To continue developing the organisation of information technologies within the enterprise and to ensure that skills on that subject remain up to date and relevant.

Corporate Social Responsibility

In 2020, the Bank’s corporate social responsibility (CSR) policy was expressed, for example, in parity in the Council of Regency – now chaired by a woman in accordance with the legislation stipulating that the Governor must be of the opposite sex from the chair of the Council of Regency – and the cut in the salaries of the Governor and the (future) Vice-Governor.

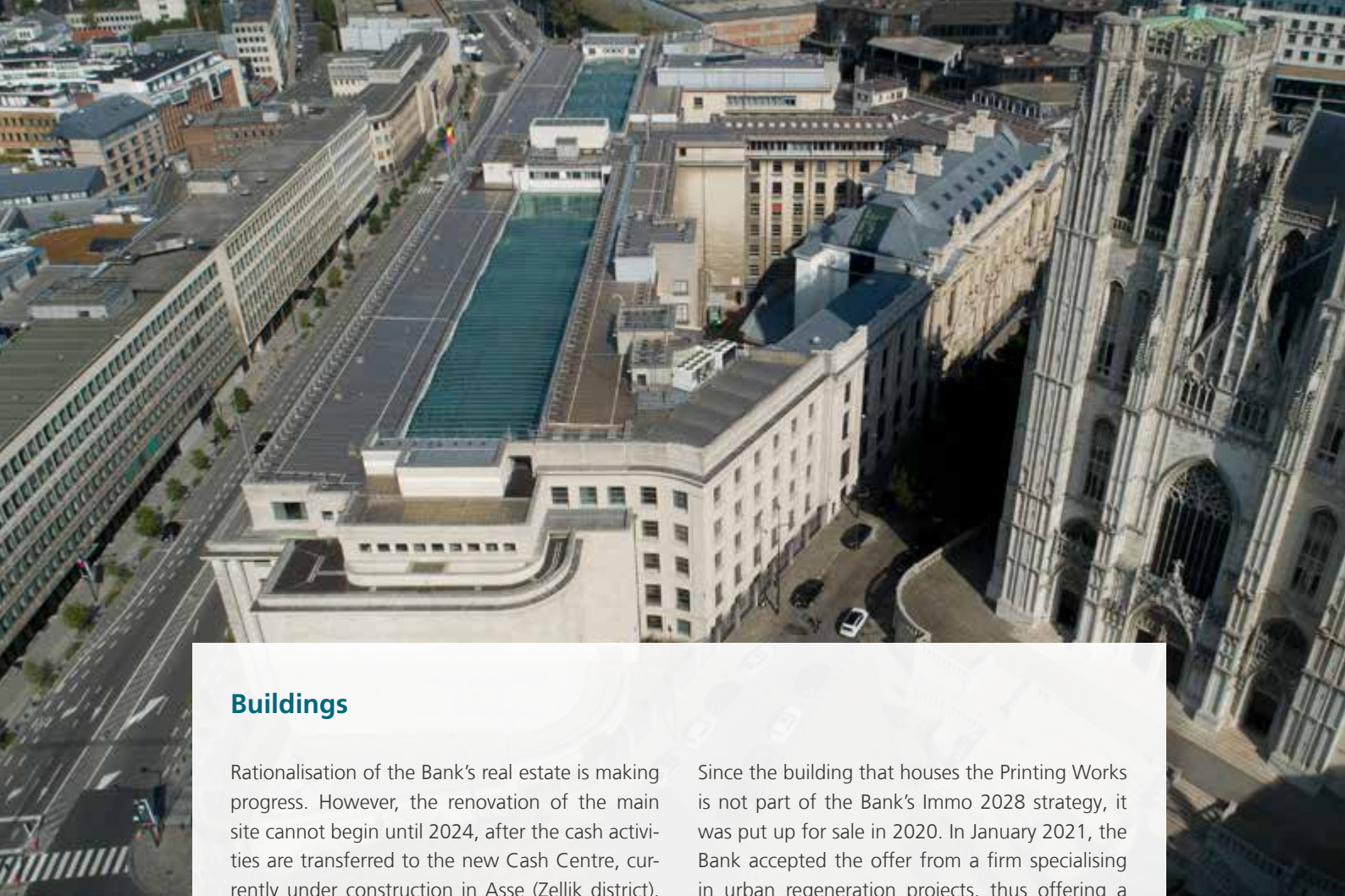
The concept of CSR encompasses many facets, such as sustainable development, good governance, diversity and inclusion, prudential supervision, etc.

In these areas the strategy is to achieve results for a small number of clearly defined goals, to announce those results and to arrange positive internal and external communication on that subject.

Some themes are not new, such as the 3-star Ecodynamic Enterprise Label awarded to the Bank or the Front Office strategy on sustainable investment, commended in a publication issued by Morgan Stanley. There is therefore considerable external recognition, but the Bank is also continuing its efforts in other spheres, such

as diversity and inclusion, supported by staff members who act as ambassadors.





Buildings

Rationalisation of the Bank's real estate is making progress. However, the renovation of the main site cannot begin until 2024, after the cash activities are transferred to the new Cash Centre, currently under construction in Asse (Zellik district). During this renovation, almost a thousand members of staff will be housed at other sites owned or leased by the Bank. Once this project is completed, the site opposite the main building on Boulevard de Berlaumont will be put up for sale.

Since the building that houses the Printing Works is not part of the Bank's Immo 2028 strategy, it was put up for sale in 2020. In January 2021, the Bank accepted the offer from a firm specialising in urban regeneration projects, thus offering a new future for valuable urban sites. The sale contract is to be signed in June 2021.



Human Capital Management & Employer Branding

At the beginning of 2020, a new Jobs page was launched on the website. To enhance the Bank's image as an employer, it showcases its Employer Value Proposition (what it has to offer its employees). The Bank thus hopes to succeed in attracting the right people.

Banknote security and efficient payment systems

This is an obvious strategic theme for a central bank to address. Cash must remain an available, efficient, secure and acceptable means of payment in an environment in which the European Commission recommends regulating the status of banknotes and coins as legal tender.

With that in mind, the Bank is examining how to rationalise the processes of cash issuance, quality control, withdrawal and finally destruction in order to control costs, with due regard for security. A business continuity plan is also vital to ensure the speedy distribution of banknotes from the Bank's coffers if other means of payment become unavailable. Finally, the Bank expects to improve its communication with the

media regarding this important means of payment, which is currently the only central bank money available to the general public.

Of course, this strategy will aim to include other means of payment, and even to encourage innovation and competition on the payments market, in accordance with the principle of stringent neutrality and making sure of the calibre of the parties involved. To that end, a transversal working group is to be set up, responsible for proposing a harmonised policy on the authorisation of business models based on crypto-assets, stablecoins or other related activities.

At the same time, the Bank is keeping a close watch on current

trends: real time payments, Fintech, and crypto-currencies. It recently set up the National Retail Payments Committee, bringing together all the players in the Belgian ecosystem under the leadership of the Bank. Of course, the Bank plays its full part in the ECB's discussions on means of payment and on digital central bank money.



Providing economic data and analyses

Without data and analyses, the Bank would be unable to perform its role as a central bank and a supervisory authority. Following on from the previous theme, the working group in charge of the theme of "Providing economic data and analyses" submitted its conclusions at the beginning of October.

Its first key point is the need to enhance the relevance, quality and accessibility of the analyses and the underlying data. But it is also important to explore new subjects and related dimensions on which the Bank wants to adopt a position in order to remain relevant. Examples include climate change and the energy transition, the digital revolution, regional aspects of financial and economic

developments and policies in Belgium, the new economy and the unequal distribution of income and wealth.





Action plans for the period from 2021 to 2025

Despite the coronavirus crisis which hampered their activities, all the working groups were still able to submit recommendations as a guide for the Board of Directors. The recommendations approved by the Board of Directors form the basis for action plans for every entity. These action plans will be completed before the spring of 2021, enabling each entity to take part in the strategic exercise and contribute to the attainment of the strategic goals for 2025.

What's new in the departments and services ?

The biennial international conference focused on climate change

The Bank's biennial scientific conference, held on 22 and 23 October, focused on "Climate Change: Economic Impact and Challenges for Central Banks and the Financial System". The choice of this subject chimes with the Bank's particular attention to the social responsibility of the financial world in general and the financial authorities in particular.

During this conference, seven teams of scientists from various Belgian universities presented their research findings, each presentation being followed by a discussion in which international experts took part. Each of

Climate change and the necessary transition to more efficient, sustainable energy consumption present numerous challenges for society. Central banks and financial system supervisors must likewise take on their responsibilities in this process, within the limits of their mandate and with the instruments available to them. In that regard, a good understanding of the potential impact of climate change on macroeconomics and on financial markets is a vital precondition.

In staging its biennial conference, the Bank wanted to strengthen its focus on this subject. The conference was the fruit of cooperation between colleagues in the Economics and Research Department and the Service dealing with financial stability, AML supervision and banking prudential policy.





Pelin Ilbas of the Bank's Analysis and Research Activities Group leads the session on "Green financing and green investments"

the three sessions was introduced by an eminent researcher presenting a paper: Professor Christian Gollier (Toulouse School of Economics), Irene Heemskerk (De Nederlandsche Bank and Network for Greening the Financial System) and Irene Monasterolo (Vienna University of Economics and Business and IIASA). Owing to the health situation, the conference took place entirely digitally, which was only possible thanks to the excellent support of the Bank's IT Department and Communication Service.

A highly regarded study on the economic impact of immigration



In November, the Bank published a special edition of the Economic Review containing a study on the economic impact of immigration in Belgium. That study was requested in April 2018 by the then Finance Minister, Johan Van Overtveldt, and was intended to support the debate on that issue. For the purpose of that study, the Bank had access to detailed data from the Crossroads Bank for Social Security database covering the period from 2009 to 2016, and the expertise of an Accompanying

Committee comprising university professors known for their work on this subject. However, the economic aspect of immigration is only one dimension, and the Bank stressed that a more general assessment should also take account of other considerations,

such as human rights and international law, particularly as regards refugees' right to protection and asylum. The study was presented to the Chamber of Representatives on 15 December at a hearing by the Committee for Home Affairs, Security, Migration and Administrative Affairs.



Hearing held on 15 December on the NBB study on immigration in Belgium. Pierre Wunsch, Luc Van Meensel, David Cornille and Céline Piton all attended virtually

Statistics, a key information source for conducting policy, but also an operational necessity

The challenge of measuring economic activity accurately during the COVID-19 crisis

The crisis caused by the COVID-19 pandemic is having a severe impact on the production of statistics. As well as potentially disrupting the collection of basic data, notably from economic units forced to close temporarily as a result of the lockdown, the health crisis cast doubt on the use of traditional statistical models, as the economic variables displayed extreme movements.

In this specific context, the Bank took care to ensure the continuity and quality of its production of statistics by stepping up the collection of data from declarants, using supplementary data sources and adapting its statistical methodologies in accordance with the European recommendations.

National accounts

Adjustments in the face of the crisis

Owing to the crisis, the methodology for the short-term assessment of the national accounts – the “flash” estimate – had to be partly redesigned. The compilation of the annual national accounts for 2020 will also have to take account of the pandemic’s effects.

The communication accompanying the statistical publications explains the adjustments made to the estimation methods while stressing the higher degree of uncertainty in these publications.

Less conventional information sources

In the 30 days following the end of each quarter, the National Accounts Institute produces a “flash” estimate of Belgium’s GDP. That is based largely on the VAT figures and is supplemented by an estimate for which the method (called ARIMA) is unsuitable in the case of a marked break in economic activity,

such as that seen during the lockdowns. Less conventional information sources were therefore used: business surveys (initiated by the ERMG), contact with professional federations, data obtained from search engines, etc. Public institutions also updated certain basic data more regularly, such as recourse to temporary lay-offs.

The level of detail in some demand components, such as private consumption, was refined to gain a better idea of the consequences of closing certain shops. Similarly, use was made of new sources (surveys in hospitals) to obtain a better assessment of the production and consumption of health care.



Institutional sectors

The method of estimating the revenue and transfers of the various institutional sectors was also adapted. For public authorities, it was necessary to make assumptions in order to compensate for the lack of data for measuring the impact of the pandemic on certain expenditure, such as:

- social benefits in the form of health care: it was necessary to make a flat-rate estimate of the decline following the periods when non-urgent activities of hospitals and doctors virtually came to a standstill;
- the impact on current transfers of certain government measures, such as the compensatory allowances for companies and self-employed workers.

Furthermore, owing to the extra time granted for declarations and payments, estimated tax revenues had to be based on assumptions.

Profits and dividends

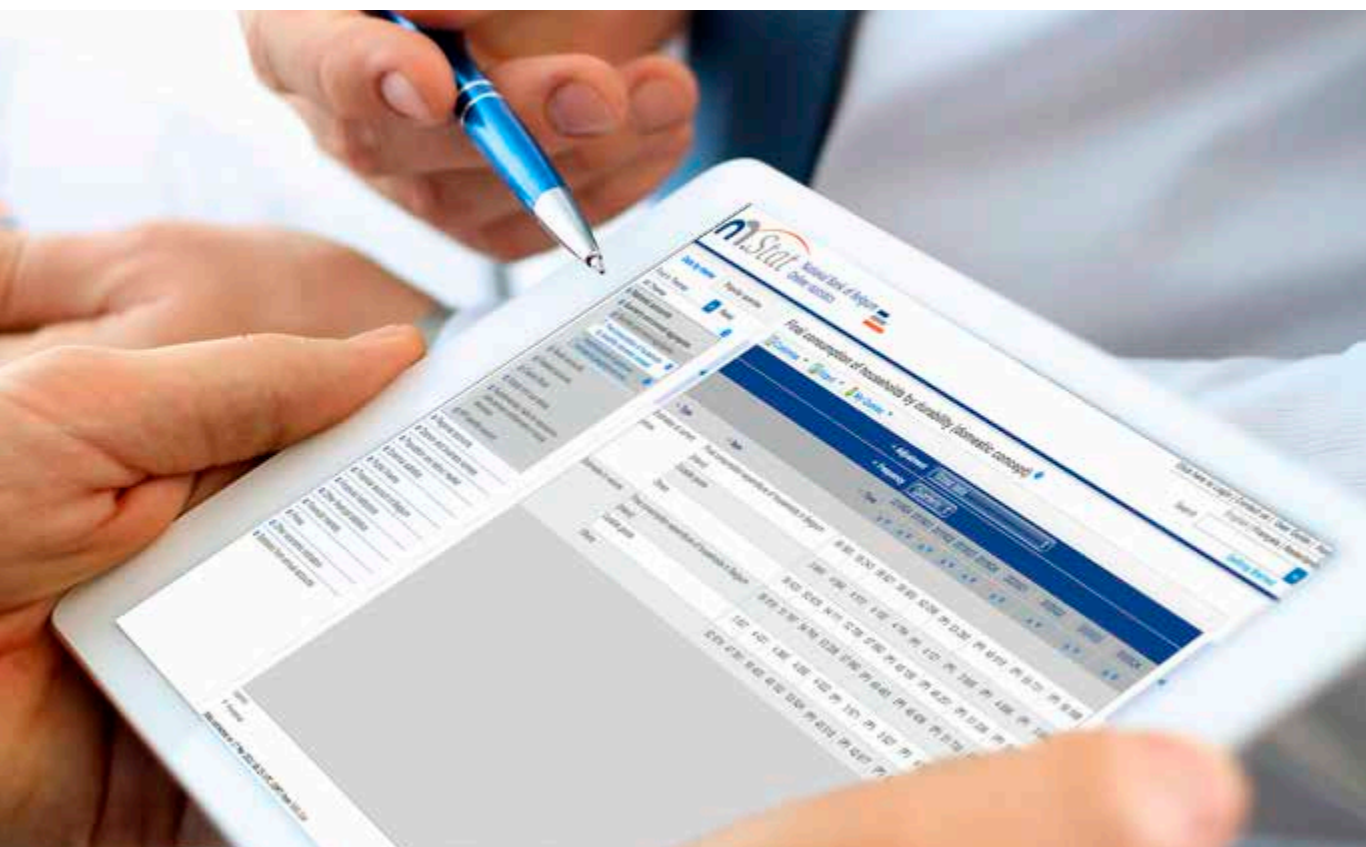
The methodology relating to company profits and dividends was revised to estimate the impact of the pandemic, taking account in particular of the recommendations limiting the payment of dividends for the current year and the constraints imposed by the government in return for the support measures.

The national annual accounts for 2020

The compilation of the national annual accounts for 2020 will need to take account of the impact of the pandemic on certain basic data.

All the methodological adjustments dictated by the health crisis are in line with the recommendations made by Eurostat, in consultation with the EU Member States.

Finally, the seasonal adjustment of the series of figures was accorded particular attention in order to ensure appropriate treatment of the disruption caused by the COVID-19 crisis.



The website stat.nbb.be offers an extensive range of macro-economic statistics

Household and business opinion surveys

In the exceptional circumstances of the COVID-19 crisis, the Bank reacted quickly, from April 2020, to collect the relevant information on the economic repercussions of the health crisis, primarily via household and business opinion surveys.

At the request of the Economic Risk Management Group (ERMG) set up by the federal government, the monthly survey of a sample of 1 850 households used to establish the consumer confidence indicator was supplemented with two extra questions specifically designed to measure the impact of the crisis on the financial situation of households. One concerns the loss of household income, the other asks about the amount of savings at the households' disposal for covering their subsistence expenses during this crisis. The survey was also extended in order to gain a clearer picture of the households' characteristics, particularly at the level of their composition and the occupational status of their members.

For several months, these additional questions – which do not affect the compilation of the confidence indicator published each month – formed the subject of a special statement added to the monthly press release on consumer confidence. A specific space was also created in the Bank's online database (NBB.Stat), to ensure wide circulation of the results of the responses to these two questions,

both nationally and in the three Regions of the country. The additional questions relating to the COVID-19 crisis are to be retained for as long as the economic situation so requires, as was still the case at the end of 2020.

At the request of the European Commission, a specific survey was also conducted on a sample of businesses in April, May and June 2020. They were asked a small number of questions directly linked to the repercussions of the crisis, concerning such matters as their turnover, liquidity position and relationships with their customers and suppliers. That information was used, in particular, for the analyses carried out by the Bank's Economics and Research Department. Depending on the month, between 750 and 900 firms took part in this survey, which was temporary and was only conducted during the first wave of the crisis.



Financial statistics

The health crisis heightened the need for reliable, speedy information on the movement in a whole range of statistical data. The Bank therefore increased the frequency and content of its statistical analyses:

1. A quicker, more detailed analysis of households' financial investments was launched on the basis of

a monthly "flash" estimate, whereas the EU rules stipulate a quarterly estimate.

2. Lending to non-financial corporations and households was also closely monitored in the Bank's internal analyses and in a new periodic consultation with Febelfin.

3. For the ECB, the available data on the use of moratoria were transposed into concepts used by the ECB.
4. The monitoring of non-bank financial intermediation for the Financial Stability Board – an international body which supervises the global financial system and issues recommendations – took place quarterly instead of annually.

The crisis had a severe impact on various categories of entities reporting to the Bank. That could have delayed or interrupted the declarations, thus hampering the close monitoring of economic and financial developments. The Bank therefore set up a system for ensuring that all the parties concerned submitted their declarations on time, and that the declarations were of good quality. No serious deficiencies were recorded.

COVID-19 was not the only challenge for statistics

Large Cases Unit (LCU)

A Large Cases Unit was set up in the General Statistics Department. Via proactive monitoring of a population of multinational groups whose activities affect the Belgian economy, the LCU aims to improve the consistency of all the macroeconomic statistics produced by the Bank, particularly the national accounts, external statistics and financial accounts.

The distribution aspect of the national accounts

For a number of years now, there has been a growing demand, both nationally and internationally, for indicators of household well-being and prosperity. The main points of interest are the distribution of income and wealth and related questions on the degree of inequality and the impact of redistribution policies: these questions having been brought to the forefront by the economic crisis following the pandemic. The Bank has key figures on the household sector, but the distribution aspect was hitherto largely absent. With Eurostat and the OECD performing a coordinating role, Belgium – along with ten other European countries – joined the EG-DNA project (Expert Group on Disparities in National Accounts), which aims to develop statistics on distribution – by income

group – relating to household consumption, income and savings. An experimental exercise was completed in the summer of 2020, after which the first results were forwarded to Eurostat for two reference years. The results harmonised at European level were published on the Eurostat website in December 2020. The Bank will continue this project until 2024 with the aim of publishing official series over a long period.

NPI satellite account

On 13 May 2020, the National Accounts Institute (NAI) together with the King Baudouin Foundation published data on the satellite account of non-profit institutions (NPIs) for the years 2009 to 2017. This publication – which is not compulsory – puts Belgium among a small group of countries which have developed statistics specifically on the non-profit sector whose importance in terms of both value added and employment has been rising steadily for a number of years.

TLTRO III

In March 2020, in order to reinforce support for lending to households and businesses the ECB decided to relax the bank refinancing conditions under the TLTRO III (targeted longer-term refinancing operations). Belgian banks made extensive use of these TLTROs (and more particularly the Bank's funds) during 2020, as is evident from the increase in refinancing operations on the Bank's balance sheet, with lending to banks up from € 19 billion in January 2020 to almost € 78 billion in October 2020.

The growing use of this type of financing by the Eurosystem led to a substantial rise in the volume of data to be collected and validated. Data quality was ensured by methods such as cross checking against balance sheet items and analysis of the reasons for any discrepancies.

Much that is new in the sphere of microdata

Implementation of the new aims of the central contact point

Since 2014, the Central Point of Contact (CPC) has collected the bank account numbers and data on certain types of contract concluded in Belgium by resident and non-resident natural and legal persons. The information was originally intended for the tax authority for the purpose of combating tax evasion, but the Programme Law of 1 July 2016 extended the objectives and widened access.

Since 1 July 2020, following the Law of 8 July 2018 and the Royal Decree of 7 April 2019 reforming the operation of the CPC, almost 350 financial institutions have continually updated the information. The bodies authorised by law to consult the CPC in order to address specific needs (FPS Finance, public prosecutors, investigating magistrates, notaries, etc.) now have a tool providing automated access to continuously updated information. At the beginning of 2022, a requirement for banks and insurers to notify the CPC periodically of account balances and certain types of contract and their value was introduced by law with effect from 31 December 2020.

BECRIS: the new centralised platform of the central credit registers

Since March 2019, the Bank has provided the ECB with detailed data every month on credit and credit risk under the Anacredit Regulation (EU/2016/867). After a first year devoted to achieving adequate quality, the data were progressively made available throughout 2020 for users in the ESCB and the single supervisory mechanism for the performance of their tasks.

The Bank collects these data together with those of the Central Credit Register via the single IT platform BECRIS (Belgian Extended Credit Risk Information System), which – from 2022 – will entirely replace the existing platform of the Central Corporate



Credit Register and subsequently that of the Central Individual Credit Register.

The contribution of the Central Credit Register during the health crisis

During the COVID-19 health crisis, the Central Credit Register made its contribution by collecting supplementary data on the implementation of the government's credit-related support for businesses and individuals:

- The BECRIS platform was extended to include collection of information on moratoria and State guarantees for business loans. That information enables the Bank to monitor the macroprudential impact of those measures, and allows FPS Finance to calculate the financial contributions made by credit institutions as well as State intervention in the event of defaults on guaranteed loans.
- The Central Individual Credit Register recorded information on the deferral of loan repayments (mortgages and consumer loans). These arrangements were extensively used, primarily for mortgage loans, and 152 000 deferrals were thus reported.



Transitional measures, COVID legislation and new models for the annual accounts

In 2020, 468 502 sets of annual accounts relating to 450 360 legal persons were filed at the Bank's Central Balance Sheet Office. Owing to the COVID-19 pandemic and *ad-hoc* legislation, filing was more difficult in 2020 than in other years.

A transitional scheme was set up to ensure a smooth switch from the Company Code to the new Code for Companies and Associations. New businesses or those which opted for speedier compliance with the new Code can nevertheless still use the old formats for filing their accounts and add information to the forms.

A new micro model was developed for associations and foundations, while the current full-format and abbreviated formats were adapted. From 6 January 2021, the new models for both businesses and associations can be filed at the Central Balance Sheet Office in both PDF format and structured format.

Redesign of the Central Balance Sheet Office (CBSO) applications

In the spring of 2020, following a public tender, the Central Balance Sheet Office began working with an external partner on modernisation of all its IT applications. The aim is to launch, at the beginning of January 2022, a fully renovated and modernised application for the compilation, filing and circulation of the annual accounts. This application will use the CSAM government portal and the electronic mailbox for businesses – eBox – while the payment options will be considerably extended.

On the subject of the consultation of annual accounts on the Bank's website, availability has now been extended to annual accounts filed since 1998.

The IT application which compiles the sectoral statistics on the basis of the annual accounts data and publishes them on the NBB.Stat platform is currently being rewritten internally, in a modern programming language. This application will continue to evolve in the future.

Prudential supervision and resolution

The single resolution mechanism is five years old

The single resolution mechanism (SRM), under which the Bank exercises its mandate as the national resolution authority, celebrated its fifth anniversary in 2020. Those years have brought clear progress in regard to resolution.

In those five years, the Single Resolution Board and the national resolution authorities had to roll out the entire resolution policy. That policy imposed new, strict requirements on all banking groups in the European Union, and they ultimately have to demonstrate that they are capable of resolution. In the event of failure, the resolution authorities must be able to order their liquidation or apply the resolution instruments to them without creating financial instability. That is why these groups have to establish capital buffers which can absorb the losses or be used for

their recapitalisation (Minimum Requirement for Own Funds and Eligible Liabilities or MREL). Similarly, they must be able to guarantee their operational continuity in the event of resolution.

The resolution authorities establish a resolution plan for each banking group. Preparation of the resolution plan should be seen as a process aimed at strengthening the resolvability of banking groups and identifying potential obstacles in order to remedy them before a crisis situation arises. Resolution plans must be capable of speedy implementation in the event of a default situation. The national resolution authorities play a pivotal role in carrying out the resolution arrangements since it is up to them to take the necessary measures to implement the decisions of the Single Resolution Board. That is why, over the past five years, the resolution authorities together with the European banking groups have developed their ability to carry out the predefined resolution strategies.



Meeting of the Bank's Resolution College in December 2019. Ms Michèle Casteleyn and Director Jean Hilgers are also members of the Resolution College.



The resolution plan cycle is annual. Every year, this process goes into certain specific aspects in greater depth. In 2020, for example, the Single Resolution Board focused on bail-in playbooks (manuals explaining how to deal with the fact that a failing bank's shareholders and creditors must bear the financial consequences for a particular institution), financial continuity and access to market infrastructures, and operational continuity in the event of resolution. The 2020 cycle of resolution plans was completed though some adjustments were conceded, e.g. in terms of reporting or MREL, in order to take account of the specific circumstances of the COVID-19 situation.

The year 2020 also saw the entry into force of a new legal framework based on the BRRD2 (Bank Recovery and Resolution Directive II) and the SRM2 (Single Resolution Mechanism II Regulation). These strengthen the requirements concerning MREL – the European standard requirements for capital and eligible liabilities available for domestic support – by introducing an MREL requirement which must be met via subordinated liabilities in the case of global systemically important banks, leading banks and smaller entities whose failure could nevertheless pose a systemic risk. That considerably reinforces MREL quality and therefore facilitates the implementation of the resolution framework.

The debate and initiatives in response to society's expectations concerning effective control of money-laundering

The battle against money-laundering and terrorist financing (AML/FT) has long been a major issue for the Bank. Society's understandable concern on this subject and the potentially detrimental repercussions on financial stability have, for a number of years, prompted the Bank to devote more resources to combating these practices.

In recent years, reports on failure to respect the anti-money-laundering requirements by certain financial institutions in Europe have shocked the public on several occasions. That has obliged the supervisory authorities and (European) regulators to further strengthen the supervision framework and the requirements.

The FinCEN files

In 2020, publication of the FinCEN files by members of the International Consortium of Investigative Journalists shook public opinion.

FinCEN is the US anti-money-laundering unit, equivalent to the Financial Intelligence Processing Unit (CTIF-CFI) in Belgium. The publication concerned alerts sent to FinCEN (between 2000 and 2017) by banks operating in the United States regarding transactions which aroused money-laundering suspicions. The question was whether banks operating in Belgium – and mentioned in these files – had alerted the CTIF-CFI, for example. The files also focused on the action taken by FinCEN or by similar authorities in other countries following these notifications.

However, as a result of supervisory operations conducted in recent years, the information made public was often already known to the Bank. In the few instances where that was not the case, it took the necessary initiatives and measures.

Following the uproar in society resulting from publication of the FinCEN files, the federal Parliament

arranged hearings with a number of AML/FT players. As the authority responsible for supervising the financial sector's compliance with the anti-money-laundering rules, the Bank was also invited to attend. Represented by Director Jean Hilgers, it took this opportunity to explain in detail its overall approach to AML/FT supervision. This covered the rapidly evolving international, European and Belgian regulatory frameworks for combating money-laundering and terrorist financing, the Bank's supervisory practice, the risk-based approach and the enforcement policy.

The Bank stressed the significant increase in the resources devoted to supervision, which have tripled since 2016. It also mentioned the aspects to which it intends to pay extra attention in the future, and set out its priorities in that regard. The explanations therefore went far beyond the specific questions and points raised by the FinCEN files.

A workshop for stakeholders

The Bank intends to respond in the most practical and targeted way possible to the current

The Bank stressed the significant increase in the resources devoted to supervision since 2016

concerns about money-laundering. To that end, in November 2020, it held a workshop with various stakeholders, beginning with the sector but also including the CTIF-CFI. The emphasis was on specific points for attention concerning asset management ("private banking"). The aim was to answer the sector's questions, particularly those concerning the repatriation of funds. During 2021, the Bank will incorporate this workshop's findings in an AML/FT policy document.

During the period under review the Bank took part in various supervisory colleges. In December 2020, the Bank itself organised for the first time a college comprising the AML/FT supervisors of an internationally active institution. The aim of these colleges is to strengthen cooperation between supervisory authorities, to harmonise the supervision measures and to boost the effectiveness of AML supervision. The colleges comprise not only AML supervisors of countries in which the group operates, but also the parent company's prudential supervision authorities, the anti-money-laundering unit of the country in which the institution is located, and the European Banking Authority (EBA). This process will continue in



Hearing in the federal Parliament on the FinCEN files on 10 November 2020

the coming years and will be applied more generally to all groups operating internationally.

These initiatives demonstrate the Bank's growing interest in AML/FT. The Bank contributes to European developments on the subject and is aware of its great responsibility in combating money-laundering and terrorist financing.

Reorganisation of prudential supervision over insurance

The need for more frequent re-assessment of the risks

At the beginning of 2020, two major points for attention emerged for the supervision of insurance: the impact of the persistently low interest rates on insurance undertakings, and the challenges becoming apparent for the sector – in so far as growing digitalisation will affect insurers' business models. The Solvency II Directive, applicable from 1 January 2016, was incorporated into the supervisory process some time ago. The Bank had also made

good progress in developing its own instruments for conducting more effective, structured financial analyses of prudential data. However, it emerged that off-site operational supervision was very largely concentrated on two aspects. The first concerned meeting the statutory (and other) deadlines for processing the files submitted. This is known as "event-driven" action, which includes portfolio transfers between insurance companies, changes in shareholding, Fit & Proper checks, analysis of outsourcing, various external issues, and organising or participating in colleges. The second aspect concerned close monitoring of a number of insurance undertakings specifically requiring follow-up.

These activities took place at the expense of resources for the recurrent assessment of firms' prudential risks, more detailed analysis of the prudential data reported, and identification of the prudential risks inherent in the use of new techniques in the sector (e.g. reinsurance techniques and InsurTech).

This led to the definition of new priorities in the supervisory approach and changes in the organisation of off-site insurance supervision.



An action plan based on a new operational classification

In 2020, the supervision action plan was devised on the basis of a three-dimensional operational classification of undertakings:

- The first dimension concerned the undertaking's systemic importance ("high and medium-high" or "medium-low and low").
- This dimension was expanded by assessment of the undertaking's risks via the insurance scorecard which is calibrated as follows: at risk, risky, to keep monitored, under control.
- This matrix was then supplemented with an operational dimension based on expert opinions concerning the need to subject the undertaking to increased or specific prudential monitoring. (Does the undertaking face specific problems? Does it have significant institution status? Was it set up in Belgium recently because of Brexit?)

This classification served as the basis for determining the work priorities relating to individual undertakings.

Various activities also took place according to a transversal approach, permitting the continued development and deployment of internal expertise in a number of predefined areas. Undertakings which are found to deviate significantly from the norm are then subjected to closer monitoring. The transversal approach also aims to align the Bank's supervisory activities more closely with the work of the insurer's internal actuarial function and that of the auditors (particularly in regard to the technical provisions). The conclusions of these transversal analyses are shared with these parties in order to further optimise the various supervision activities.

The range of instruments launched in 2018 for the structured financial analysis of insurers was also improved. The results of that work provide a sound basis for applying new techniques to these data at a later stage.

These new priorities in the supervisory approach were accompanied by a reduction in the frequency and scope of recurrent meetings with (significant)

undertakings and a more effective contribution to the various supervisory colleges.

The operational classification of individual cases, the new range of instruments for recurrent work and the transversal dimension lay the foundations for the new way of organising off-site supervision. That supervision is based on three pillars:

- All undertakings are subject to first-line supervision via the tools which have been developed. These activities are supplemented by more detailed analyses of individual insurers according to their operational classification.
- Next, outliers are identified in specific areas and followed up on the basis of the transversal analysis results.
- Finally, the organisation explicitly allows for the flexibility required for ready deployment of the necessary resources and expertise for monitoring undertakings needing additional supervision. The COVID-19 crisis made that flexibility more vital than ever.

This organisation was put in place at the beginning of 2020. The transfer of know-how between colleagues went smoothly and in a spirit of cooperation (despite the difficult circumstances resulting from the health crisis).

The results are already apparent

This new organisation had already produced tangible results by the end of the year under review. The first conclusions of the prudential analyses carried out with the set of instruments are now available. Also, the transversal analyses revealed a number of undertakings which deviated from the norm in specific areas. Those undertakings were contacted and will be closely monitored, particularly as regards the calculation of the technical provisions for health insurance, the trend in profitability of the "life" portfolio, the scenarios resulting from the Own Risk and Solvency Assessment, and regulatory arbitrage regarding the use of certain risk diversification techniques.

In the context of this new organisation, the consequences of the COVID-19 crisis were monitored by means of reporting developed for that purpose:

undertakings were asked to submit the reports periodically (at first weekly, but then once a month from the summer). The prudential findings were examined with the individual insurers. The Bank also has

an extensive regulatory arsenal enabling it to take prudential measures in response to any deficiencies found. These analyses are produced and monitored in a multidisciplinary framework.

Brexit: a number of payment institutions transferred their activities to Belgium

Since 2017, the Bank has applied a “fast track” approval procedure for foreign payment institutions and electronic money institutions which already hold a licence in another member country of the European Economic Area (which comprises the EU plus Norway, Iceland and Liechtenstein) and which wish to transfer their activities to Belgium. The Bank thereby intends to promote Belgium’s position as a financial centre.

Under this procedure, approval for the provision of payment and electronic money services can be granted more quickly than in other cases. Obviously, that is only possible if the Bank can use an existing – recent or updated – approval application. That enables the Bank to be more flexible and adopt a

specific approach to the practical implementation of the legal requirements relating to approval.

Up to now, all the institutions using this procedure came from the United Kingdom. While two undertakings had already decided to transfer their EU activities from the UK to Belgium in 2017, five others became established in Belgium following the UK’s withdrawal from the EU. Some of these newcomers belong to groups forming part of the world’s biggest money transfer institutions.

Undertakings wishing to transfer activities from the UK to Belgium adopted a two-stage approach. At first, after the grant of approval as a payment institution, the migration only concerned transactions executed in Belgium. Then, from 1 January 2021 and the end of the period of preferential relations between the UK and the European Single Market, the Belgian entity handles all transactions effected in the European Economic Area. That also implies the transfer of the various “European passports” held by the British payment institution.

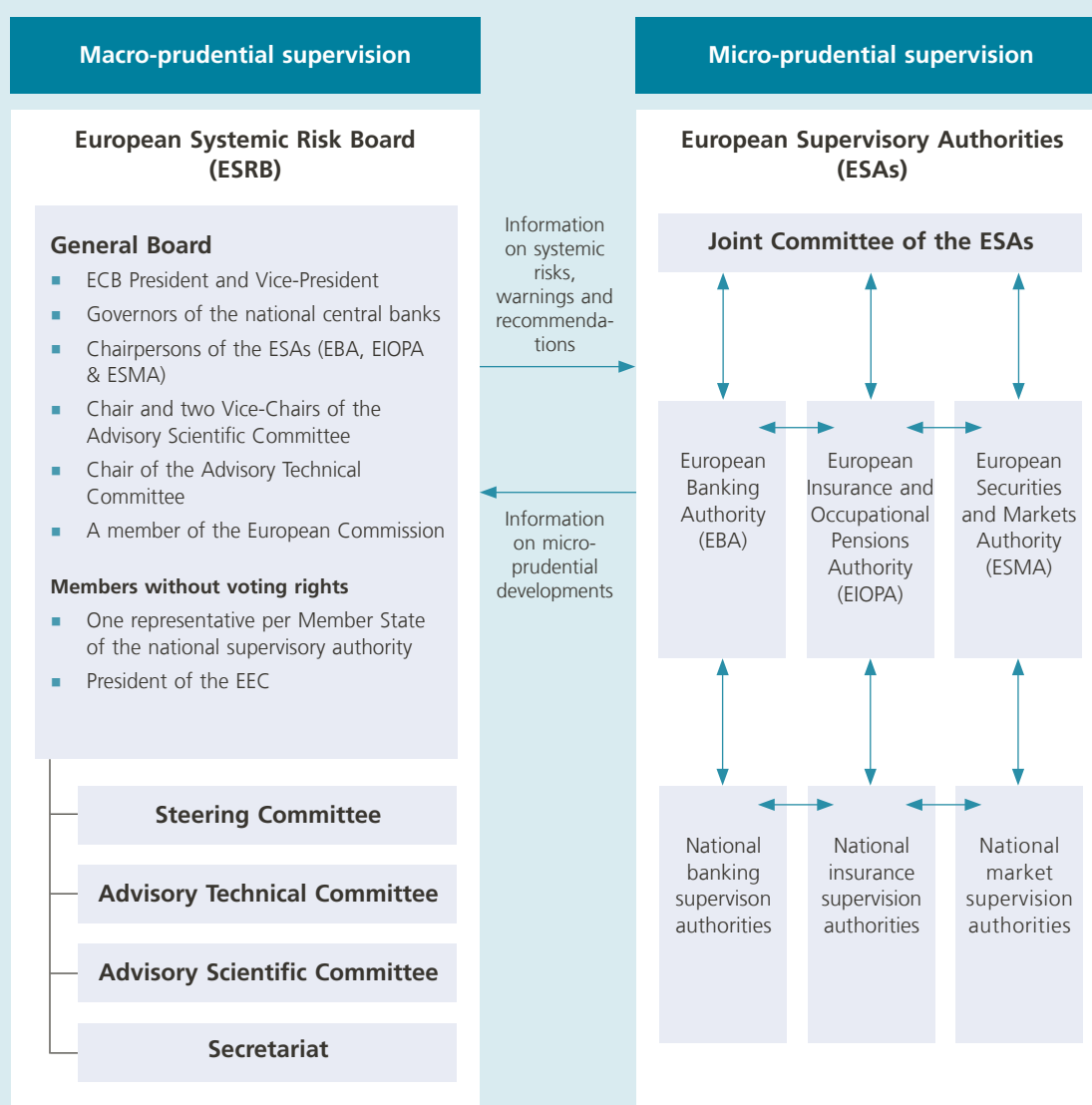


The Bank plays a leading role in the EBA and EIOPA

The ESAs form part of the ESFS

The development of the European Single Market means that financial legislation is increasingly frequently drawn up at European level. European co-operation and coordination between supervisory authorities have therefore gained greatly in importance.

In that context, the European Supervisory Authorities (ESAs) have a crucial role to play. There are three of them: the European Banking Authority (EBA) with its headquarters in Paris, the European Insurance and Occupational Pensions Authority (EIOPA) based in Frankfurt and the European Securities and Markets Authority (ESMA) based in Paris. The ESAs form part



of the European System of Financial Supervision (ESFS) which also includes the European Systemic Risk Board (ESRB), responsible for macroprudential supervision of the financial system.

This European System of Financial Supervision forms part of the EU's

response to the global financial crisis of 2008-2009. Subsequently, other changes were also made to the supervision structure when the banking union was created in the euro area, in particular with the establishment of the single supervisory mechanism (SSM), responsible for banking supervision, and the single resolution mechanism (SRM), in charge of the resolution of certain financial institutions. Director Tom Dechaene is the Belgian representative on the ECB's Supervisory Board, which draws up draft decisions for the SSM and submits them to the ECB Governing Council in accordance with the non-opposition procedure. Despite the existence of the SSM and the SRM, the ESAs and the ESRB still have very important powers and missions in the current supervision structure.

The Bank is actively involved in the work of two of the three authorities

As the authority responsible for the supervision of credit institutions, financial conglomerates, investment firms, payment and electronic money institutions, and insurance and reinsurance undertakings, the Bank plays a key role in two of the three European supervisory authorities, namely the EBA and EIOPA. The Bank is thus represented at the highest level on the Board of Supervisors of these two ESAs. That is the principal decision-making body of each ESA. It is chaired by the full-time chairman of the authority concerned. Director Jean Hilgers represents the Bank on the EIOPA Board of Supervisors, while Jo Swyngedouw, head of service for "Financial stability, AML supervision and banking prudential policy"

is a member and vice-chairman of the EBA Board of Supervisors. Jean Hilgers was also a member of the EIOPA Management Board for five years,

i.e. the two permitted terms of office. His second term of office ended on 27 January 2020. That body exercises a number of specific pow-

ers relating to the management of EIOPA and helps to define the institution's policies.

The task of the ESAs is to foster improvements in the effectiveness of the regulation and supervision of financial institutions in their respective sectors. In that connection, the European legislature granted them extensive powers. For example, the ESAs submit opinions to the EU institutions and draw up guidelines, recommendations and draft technical standards based on the European legislation applicable in their respective spheres of competence. They may also conduct peer reviews of the competent authorities for the purpose of formulating guidelines and recommendations and identifying best practices, in order to boost the consistency of supervisory practices.

In addition, they oversee the proper application of European legislation by the competent national authorities. They arrange mediation and the settlement of disputes between competent authorities, with a view to ensuring the effective supervision of financial institutions. They are also empowered to take measures in emergencies.

It is likewise the role of the ESAs to strengthen coordination and cooperation between the national supervisory authorities, be it by stimulating and facilitating the delegation of tasks and responsibilities between competent authorities or by ensuring the consistent operation of colleges of supervisors, and – in the case of the EBA – by taking part in the preparation and coordination of rescue and resolution plans in the event of default, and methods of resolving the failure of credit institutions.





Another of their tasks is to monitor and analyse market developments in their respective spheres of competence and to contribute to the monitoring, evaluation and assessment of systemic risk. To that end, they can collect data from the national supervisory authorities and, under certain conditions, from financial institutions. For instance, the EBA and EIOPA conduct European stress tests in the banking and insurance sectors respectively.

The ESAs also cooperate closely with the ESRB, in particular by communicating the information necessary for the performance of its tasks and by taking appropriate action in response to alerts and recommendations.

Some of the Bank's staff hold key positions

Many of the Bank's staff, particularly from the services "Financial stability, AML supervision and banking prudential policy" and "Insurance prudential policy and inspections", play an active part in multiple working groups whose job is to prepare initiatives determining the policy adopted by the

EBA and EIOPA. They contribute to the ESAs' activities with their relevant expertise, defend positions of interest to Belgium and the Bank, and enable the Bank to respond rapidly to the latest developments at European level.

The Bank also holds various key positions in important EIOPA and EBA working groups and committees. For instance, its Director Jean Hilgers chairs the Risk and Financial Stability Committee (RFSC), one of EIOPA's three strategic steering committees. Its main task is to coordinate all the initiatives aimed at ensuring financial stability in the EU's insurance and pension fund sectors. Via Jo Swyngedouw, the Bank also chairs the EBA Standing Committee on anti-money-laundering and countering terrorist financing (AMLSC). That committee, set up in 2020 following the strengthening of the EBA's powers regarding AML/FT, plays a key coordinating role for the EU in that area. In addition, staff of the Bank often take on strategically important roles in leading or steering EBA and EIOPA project groups and work flows. Via these key positions, the Bank tries to increase its influence over EBA and EIOPA policies, but also to give its staff the opportunity to gain an international profile.

Operational changes in banking supervision despite COVID-19

At the beginning of 2020, there was a rotation exercise for the teams in charge of banking supervision. In that exercise, a number of colleagues swapped teams and some cases were reallocated. Overall, this exercise was assessed as very positive, but it also revealed some points for attention. The opportunity for colleagues to become familiar with new cases (avoiding tedium) was one of the things they appreciated, and contact with their new team also taught them different methods in terms of style and content for carrying out the same type of work. Rotation breaks up silos and energises teams, while enriching and expanding the experience of all employees. At the same time, staff had to invest more time and energy to learn about new cases and to become part of a new group. Rotation, which must be properly prepared and announced in advance, also needs the support

of all staff in order to succeed. In all cases, flexibility is essential so that any adjustments that prove necessary can be made.

The COVID-19 crisis affected the *modus operandi* of prudential supervision in many ways. Even though audits and inspections conducted on company premises (“on-site” supervision) are an important pillar of continuous supervision, the crisis seriously impeded them. While ongoing inspections could be completed remotely, the methodology for new assignments had to be adapted considerably in terms of both the nature of the inspections and their organisation and the collection of data. In addition, a number of inspectors were asked to make their knowledge and experience available to the off-site supervision teams; thus strengthened, those teams were able to expand their analysis capacity, for example in order to measure and assess the impact of the health crisis on the financial position of banks.

Financial markets

new systems for market transactions

During 2020, the Financial Markets Department launched no fewer than three major projects for the purpose of modernising its administrative systems.

Casper

Casper (Current Accounts, Settling Payments Electronically and Rapidly) is an application which executes payments by and for the Bank's internal and external customers. Since 19 October it has replaced an old application that had been in use for decades.

Casper will enable external customers, such as the Treasury and bpost, and a number of the Bank's services to enter their transactions and track movements in their accounts in real time. This is one of the new, highly secure and fully revamped tools for the management of customers' current accounts. The application also administers the cash accounts of institutions or countries to which the Bank offers services under the Eurosystem Reserve Management Services (ERMS). Furthermore, Casper is a key stage in the renovation and modernisation of the Bank's tools, paving the way to the Bank's integration in the future version of the TARGET 2 platform, which the Eurosystem is to introduce in November 2022.

An update for Wallstreet Suite (Finance Kit)

Wallstreet Suite (Finance Kit) is used for the complex processing of the operational tasks of the Front Office (purchase and sale of securities and currency), the Middle Office (follow-up of risks and limits) and the Back Office (payment for securities purchased and delivery of securities sold). Every day, this software provides the necessary data for the Accounts service to update the Bank's accounts and calculate its financial results. Altogether, Wallstreet

Suite (Finance Kit) processes two-thirds of the Bank's balance sheet.

The Bank has been using the current version of the software since 2012. However, the application needed updating, not only for technical reasons but also to improve its security. Other new functions were also added: the development of new financial instruments and a link with external platforms for such purposes as the automatic creation of financial instruments, account reconciliation and the entry and confirmation of financial transactions. All these improvements enable the services concerned to concentrate more on Straight-Through Processing under optimum security conditions and thereby reduce the risk of errors.

BEA3

The Back Office service is responsible for managing the collateral that banks in Belgium provide in order to obtain credit from the Bank. Non-marketable collateral (bank loans) is managed by the NewCC ("NewCreditClaims") application. For marketable securities (such as bonds), the application used was the EADB ("Eligible Assets DataBase"), managed by the Bank's IT Department. Since the EADB application did not offer the required security, it had to be replaced.

From now on, BEA3 will be used for that purpose. BEA was an application developed by De Nederlandsche Bank (DNB). In order to replace the old EADB application altogether, BEA was expanded (hence the name "BEA3") by including a number of additional functions. The application is managed and held by DNB.

*Casper is a key stage
in the renovation and
modernisation of the Bank's tools*



"MANY CONTACTS WITH EUROPEAN COLLEAGUES"

JULIE VISSERS / Payments & Securities Advisor in the Payments & Securities Service

What exactly does your job in the service involve?

"In the Payments & Securities Service, I am a member of the unit that is mainly concerned with analysis and preparation of the policy decisions underlying the Service's operational duties, generally working with other entities at the Bank (International and Eurosystem Coordination, Legal Service, Surveillance of Financial Market Infrastructures, Payment Services and Cyber Risks, etc.). I focus mainly on securities settlement and collateral management. As a member of the Securities and Collateral Policy Working Group (SCWG), which reports to the Market Infrastructure and Payments Committee (MIPC) of the European System of Central Banks (ESCB), and as the secretary of the Advisory Group on Market Infrastructures for Securities and Collateral – Belgian National Stakeholders Group (AMI-SeCo BENSG), a forum involving Belgian stakeholders in the work of the AMI-SeCo, I have numerous contacts with

"We must remain vigilant"

colleagues in other European central banks and Belgian financial institutions, but also in organisations such as Euroclear."

Does that mean that you are less involved in operational activities?

"No, not at all. Our Head of Service considers it very important for us to be familiar with the operational work of our service as well. For instance, I was able to take

part in developing Casper (Current Accounts, Settling Payments Electronically and Rapidly), the Bank's new current account management app. This application was developed entirely at the Bank, in close cooperation with the IT Department. Casper acts as the banker not only for some of the Bank's services but also for our external customers: apart from the Belgian State and a number of investment firms, that includes foreign central banks and international bodies. With BEA3 (collateral management) and the Wallstreet Suite (Finance Kit) upgrade, Casper is one of the three major IT projects completed by our department this year, and we are very proud of them. They represented months if not years of hard work, but thanks to the efforts of numerous, highly motivated professional staff in all the units concerned, this project was brought to a successful conclusion despite the lockdown."



For such projects, IT security is doubtless of the utmost importance?

"For this highly critical application, which handles large payments every day, the emphasis was naturally on IT security. Very sophisticated security measures were set up, particularly as external customers may also have access to Casper. All the app's functionalities were extensively tested, and current procedures in our Service were updated. In order to raise awareness of security in our Service, we also organised a major fake phishing campaign during the summer. Overall, very few colleagues fell into the trap, and that is very encouraging. But we must remain vigilant."

Cash use is declining, but cash is still an important means of payment in Belgium

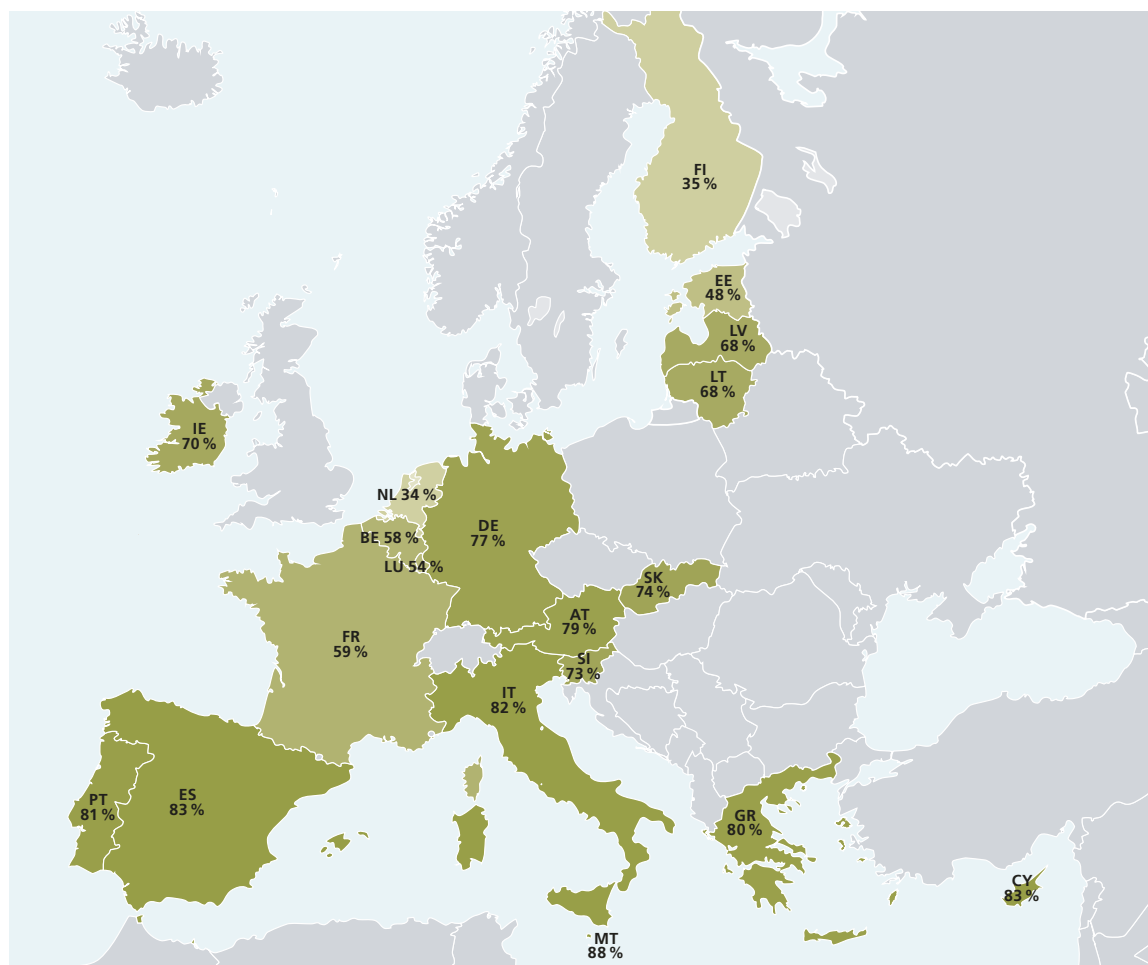
A new ECB study on payments in the euro area

In 2019, the European Central Bank conducted an extensive study (Study on the Payment Attitudes of Consumers in the Euro area – SPACE) on payment behaviour in the euro area. A similar analysis of the use of cash had already been conducted in 2016. The SPACE study, the results of which were presented at the end of 2020, examined payments by individuals at physical points of sale (POS), person-to-person (P2P)

payments, and remote payments (i.e. internet shopping, purchases by telephone and by post, payment of accounts and periodic payments).

In the euro area, cash payments remain decidedly dominant. In 2019, banknotes and coins were still used for over 73 % of point-of-sale and person-to-person payments, representing 48 % of transactions in terms of value. In Belgium, cash payments accounted for 58 % of the number of transactions and 33 % in value terms.

Share of cash payments in the total number of POS/P2P payments by households



Some interesting details ...

The SPACE study also yields some interesting details. While Greeks use cash or cards for 2.02 payments per day, and the figure for the Dutch is 1.76, for Belgians the average is only 1.38. Only the French, the Maltese and the Estonians have even lower scores than the Belgians. For Belgians, a cash payment (POS or P2P) averages less than € 20, while the average for their card payments is over € 30.

The SPACE survey also shows that Belgium is lagging well behind in regard to contactless payments. Only 16 % of Belgians taking part in the survey made card payments in 2019 without having to insert the card in a payment terminal. In the euro area, contactless payments represented 39 % of all card payments in 2019.



The use of cash is declining in Belgium (in 2016, banknotes and coins still represented 63 % of POS/P2P payments. That is down by 5 percentage points, but the decline is smaller than in countries such as the Netherlands, Austria, Finland and France. The gap between northern and southern countries is widening. The percentage of cash payments is exceptionally high in Germany (77 % of the number of transactions) and Austria (79 %), while Belgium is still in an intermediate position.

To determine whether the COVID-19 pandemic is having a negative impact on the use of cash, the ECB conducted an additional survey in 2020, which showed that over half of Belgian participants confirmed that they had made less use of cash since the outbreak of the pandemic. However, owing to the closure of shops and other locations where cash payments are widely used, that finding should be interpreted with caution.

Belgian franc banknotes

On 1 January 1999, the euro became the official currency of a number of EU Member States, including Belgium. However, in the ensuing three years it was still possible to use Belgian francs for cash payments in Belgium. From 1 January to 28 February 2002, during the dual circulation period, cash payments could be made in both francs and euros. During those two months, a large-scale logistical operation was conducted to withdraw as many Belgian franc notes and coins as possible from circulation and to issue massive quantities of new euro banknotes and coins. From 1 March 2002, payments in Belgian francs were no longer accepted: Belgian franc notes and coins were no longer legal tender.

At the start of the changeover, on the night of 31 December 2001 to 1 January 2002, 314 million Belgian franc banknotes were in circulation, representing a total value of around € 25.7 billion, or more than 1 000 billion Belgian francs.

After the two months of dual circulation, it remained possible to exchange Belgian francs for euros at banks and post offices (renamed bpost) up to the end of 2002, and subsequently at the National Bank.

At the end of 2004 the option of exchanging Belgian franc coins for euros was terminated, but banknotes can still be exchanged free of charge at the National Bank.

At the end of 2020, over 50 million Belgian franc banknotes representing a total value of around €428 million had still not been returned to the National Bank. Nonetheless, the changeover is quietly continuing: in 2020, 56 769 Belgian franc notes were exchanged for euros at the National Bank, representing a total of €1 590 990.

Anyone still holding Belgian franc notes can exchange them at the National Bank. That applies to all denominations issued by the Bank since 1944. It is still possible to exchange some banknotes larger than 100 francs denominated in both francs and belgas – an alternative currency used in Belgium between 1926 and 1944 – and a few other rare denominations placed in circulation before 1944. Exchange is free of charge, but a “declaration of origin” has to be completed for amounts in excess of €3 000.

All the information on the exchange facilities and practical details can be found on the National Bank’s website.

For completeness, of the total Belgian franc coins in circulation at the end of 2001, 1.8 billion – representing a total value of €188 million – have never been returned to the National Bank, which managed the circulation of coins for the Belgian Treasury.

Belgian franc banknotes remaining in circulation which can still be exchanged:

Amounts in euro (end-of-period data)

	2001	2019	2020
Banknotes from the last series			
100 BEF	202 776 903	23 617 176	23 592 452
200 BEF	132 870 929	12 815 899	12 796 774
500 BEF	290 035 424	11 525 022	11 503 115
1 000 BEF	1 633 618 328	23 000 516	22 922 417
2 000 BEF	2 979 680 168	42 898 123	42 677 151
10 000 BEF	3 966 296 396	30 551 885	30 197 893
Total	9 205 278 148	144 408 621	143 689 802
Other banknotes which can still be exchanged			
	16 484 041 505	285 446 565	284 574 394

Number of banknotes (end-of-period data)

	2001	2019	2020
Banknotes from the last series			
100 BEF	81 754 000	9 527 145	9 517 172
200 BEF	26 766 000	2 584 961	2 581 103
500 BEF	23 421 000	929 837	928 069
1 000 BEF	65 880 000	927 839	924 688
2 000 BEF	60 065 000	865 253	860 796
10 000 BEF	16 012 000	123 246	121 818
Total	273 898 000	14 958 281	14 933 646
Other banknotes which can still be exchanged			
	40 304 276	35 372 845	35 340 711



COVID-19 has also created new IT needs

COVID-19 had a huge impact on the activities of the IT Department in 2020. The IT infrastructure and services were expanded flexibly and rapidly in order to offer an efficient digital workplace for the Bank's staff, who switched to home working *en masse*. In that context, supplementary measures were taken to ensure the security of home working, and security checks were reinforced. New communication tools facilitated staff involvement and convenient team-working in the digital age. Additional IT resources were also needed for good communication with the Bank's stakeholders, notably via virtual meetings, webinars and conferences, and for digital surveys of citizens.

To keep a finger on the pulse of the economy and make judicious recommendations for policy makers, the Bank's analysts needed appropriate data at more

frequent intervals. Applications such as those used to record lending or banks loans provided as collateral were rapidly adapted to take account of the COVID-19 measures. Reporting was refined and extended to provide an even clearer picture of economic and financial life.

Despite this situation, the modernisation of the Bank's various applications proceeded as planned together with continuous improvements to the stability and security of its IT tools and infrastructure. For instance, some new applications for the Bank's activities were launched, notably for the execution of payments and the management of accounts by and for its internal and external customers, all in an even more secure environment. In that connection, the aim was to progress towards a standard, modern market technology that can be deployed flexibly and efficiently.



Archive photo

The Secretariat General

The Secretariat General Department was reorganised in 2020. It now comprises three Services: the Secretariat, the Communication Service, and International and Eurosystem Coordination. These three entities play a supporting role at the Bank. Bringing them together in a single Department created a great deal of synergy.

This Department makes a decidedly transversal contribution to the general operation of the Bank and supports both the Governor and the Board of Directors and the other departments and services. The Secretariat General also coordinates all the activities relating to corporate social responsibility (CSR) and provides assistance for all the Bank's contacts with institutions (such as the federal Parliament).

2020 was a particularly busy year for communication

Following the successful campaign concerning the 2019 Annual Report, with well-attended presentations in all the provinces, the COVID-19 situation obliged the Communication Service to switch to crisis communication mode in March. The Belgian and international media were in contact with the Bank almost every day, asking questions about the economic consequences of the pandemic. The Bank's press releases and extra press conferences also attracted widespread media coverage.

The Governor very frequently responded to journalists' questions on radio and television and in the press in order to give his opinion on the economic crisis. He also gave dozens of presentations for economic interest groups. Apart from the Governor, a number of Economics and Research Department staff made frequent appearances in the press to comment on the latest economic developments. The Bank's other research also regularly attracted media attention,

The COVID-19 situation obliged the Communication Service to switch to crisis communication mode



such as the widely reported study on the economic impact of migration.

In addition, the Communication Service coordinated all the communications of the Economic Risk Management Group (ERMG), including the popular press releases based on ERMG surveys.

From March onwards, compulsory social distancing meant that the Economic Relations Unit – which operates under the Communication service – could not stage any physical events. For that reason it was quickly decided to arrange webinars. Thus, the

Bank's economic projections were presented in two public webinars, each watched by several thousand people. Staff in the Communication Service

also provided technical support for numerous other digital events staged by the Bank.

In view of the growing importance of digital and audiovisual communication, the Communication Service invested in establishing an internal video communication unit.

The COVID-19 situation also led to substantial extra efforts in regard to internal communication with staff.

In addition, the Bank was active in the sphere of digital design. It thus developed a new template for PowerPoint presentations and e-mail.

During the year, the Bank's spokesman joined the "Communication" working group, set up following the review of ECB monetary policy. Its job is to make recommendations on the ECB's communication concerning its monetary policy.

The Bank's Museum is adapting

Guided tours and the data media provided were revamped, not only to satisfy the most stringent health rules but also to make the Museum still more accessible to all sections of the public. A tour was therefore designed for individual visitors, enabling them to discover the Museum through 15 selected exhibits from the collections. In the summer, children were again able to visit the Museum and they were encouraged to explore the rooms by means of a treasure hunt and a workshop on the subject of the goddess

Athena's owl, depicted on a coin owned by the Museum.

The Museum also opened its doors in September for the Heritage Days. The Museum fulfilled its aim of being a space open to various cultural disciplines in the form of the Artonov festival, featuring a dialogue between art, architecture and musical expression. It also took advantage of the lockdown periods to reinforce its online presence, particularly on social media.



Charlotte Lippens guides a group of visitors wearing face masks

The Bank, an important link in European and international decision-making

Brexit remains a key point for the Bank's attention

This year, the Bank continued to monitor and analyse the Brexit process, and also gave advice on the subject, especially as the process of withdrawal from the EU gathered pace in the second half of the year, with the transition period ending on 31 December 2020.

At European level, the Bank and the ECB jointly chaired a task force comprising 27 national central banks of the EU and the ECB itself. This year, the task force published an ECB Occasional Paper on the potential economic impact of Brexit. That document, including contributions from the Bank's staff, is available on the ECB's website. This year the task force also analysed the repercussions of Brexit on the financial system of the euro area, including the role of central counterparties, and the capital markets union.

As in previous years, the Bank continued to advise the government at Belgian level, more particularly by contributing to the monitoring reports of the Brexit High-Level Group, which is chaired by Count Paul Buysse

and has the Governor among its members, and by assisting FPS Foreign Affairs in the negotiations.

The Bank also informed the public and businesses about the potential effect of Brexit and helped to prepare them for it.

European and international meetings took place virtually but were no less efficient

The COVID-19 crisis brought a fundamental change in the organisation of European and international meetings attended by representatives of the Bank.

In the Eurosystem and the SSM, meetings of the Governing Council – the principal decision-making body of both the ECB and the Eurosystem – and the Supervisory Board, as well as those of the committees and working groups that prepare these meetings were all conducted virtually from March 2020.

Similarly, the meetings of the European supervisory authorities and the Bank for International Settlements and the annual and spring meetings of the International Monetary Fund all took place on line.

Although virtual meetings entail a number of technical adjustments and cannot entirely replace physical meetings, the Bank has nevertheless continued to play an



active part in the work of European and international institutions and organisations, and to perform its role in society throughout this crisis. In all these institutions, the number and content of the meetings were adapted and expanded to meet the challenges of the crisis.

As a result of this crisis, the Bank had to be creative and resilient in its method of operating in order to perform to the full its role of supporting the economy.

COVID-19 also caused some problems for the Bank's technical cooperation

The COVID-19 crisis had a considerable impact on the Bank's technical cooperation activities. Some assignments had to be cancelled and some projects were postponed, notably the Eurosystem's ambitious technical cooperation programme for the central banks of candidate members of the European Union, a programme in which the Bank is involved. On-site assignments were also replaced by shorter, less detailed virtual meetings, though they were still appreciated, especially by the National Bank of Ukraine.

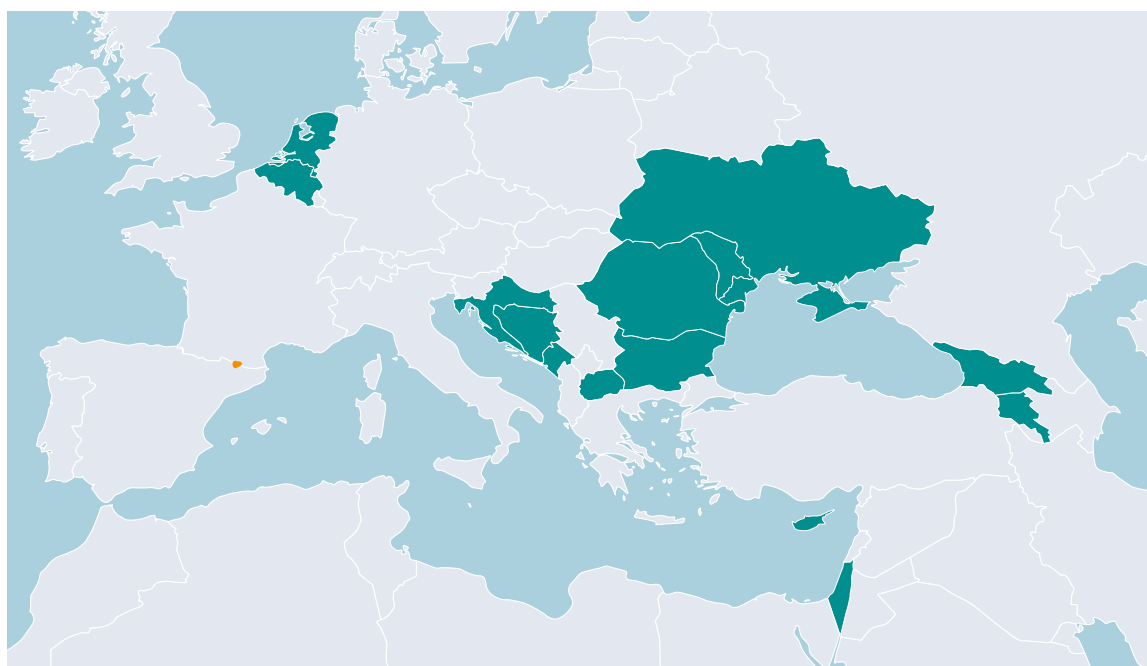
In general, the Bank's technical cooperation still centres on the countries in the International Monetary

Fund (IMF) constituency to which Belgium belongs. It should be noted that this constituency has been enlarged by the addition of the Principality of Andorra, which became the 190th member of the IMF in October. The constituency therefore now comprises 16 countries: Andorra, Armenia, Belgium, Bosnia-Herzegovina, Bulgaria, Croatia, Cyprus, Georgia, Israel, Luxembourg, Moldavia, Montenegro, the Netherlands, North Macedonia, Romania and Ukraine.

The Bank is increasingly frequently asked to send participants to public hearings

The National Bank is an independent institution, but in view of its role in the service of society, management and staff are regularly asked to attend federal parliamentary chamber committees to explain its research and recommendations and its role as a supervisory authority in the financial sector. In some cases, the Bank attends on its own, while sometimes several institutions attend these hearings.

In 2020, representatives of the Bank attended eight hearings. Most of them took place virtually – by video conference – owing to the COVID-19 pandemic.



Andorra joins Belgium's constituency

Hearings attended by the Bank in 2020



Presentation of the Bank's Annual Report, Economic and financial developments



Opinion of the High Council of Finance on cutting the levies on labour and how that could be financed



Presentation by the Economic Risk Management Group in connection with the coronavirus crisis



The economic consequences of the coronavirus pandemic



The basic banking service for businesses



The FinCEN files



Corona: follow-up on the State credit guarantee and the impact of the crisis on corporate solvency



Presentation of the National Bank's report on the economic impact of immigration in Belgium

Every year, at a hearing in the spring, the Governor presents the economic and financial developments set out in the Bank's Annual Report to the Chamber Finance and Budget Committee, but hearings may also highly topical.

Unlike parliamentary committees of inquiry, almost all the hearings are public.

Interested parties can attend the sessions in the chamber or follow them on livestream. Subsequently, video recordings remain available for a time on the chamber's website, and minutes of all sessions are recorded and published.

These hearings are an important aspect of the Bank's "accountability"

The Bank regards these hearings as a key communication instrument and a central aspect of its accountability objective, but its independence principle is always respected. The hearings are therefore carefully prepared by the Bank.

In general, Members of Parliament are very complimentary about the National Bank's contributions, leading to increasing numbers of presentations to parliament by the Bank's Directors and experts.



“ONE OF THE PRINCIPAL CHALLENGES FOR THE BANK IS TO MAKE ITS CONTENT MORE ACCESSIBLE TO THE GENERAL PUBLIC”

BENJAMIN BRUYNINX / Communication

What does your work at the Bank involve?

I studied multimedia communication at the IHECS, which means I can do a bit of everything in the field of graphics, photography, audio-video, web design, etc. In July 2020, I was recruited by the Communication Service which was basically looking for a computer graphics designer, but I was very soon required to diversify. I think it is because I am an “all-rounder” that I am useful in providing services to a lot of departments at the Bank.

In what way?

One of the principal challenges for the Bank is to make its content more accessible to the general public. It has high-quality, socially relevant information but it has trouble reaching the public. So how to reach more people than at present? To do that, we

“Enabling people to access information gives them the opportunity to become more involved”

need to make our content easier to understand and modernise our communication. Of course, I shall not be doing that on my own. It is a joint effort involving many departments.

Some project examples?

The Employer Branding campaign and the videos – available on YouTube – in which colleagues talk about their experience are a prime example of the modernisation of our content. I helped to produce some videos published in December on the 2021 economic projections for Belgium. That is a perfect example of content which can appear rather dry in itself, but which we can make more accessible by presenting it in a particular way. For example, by opting for a shorter form of dynamic presentation (2 or 3 minutes). Similarly, we are currently working on videos with the Microdata Management Department

in order to present the survey which asked the general public about the impact of the coronavirus crisis on household consumption. And I must also mention the videos that we are preparing with our art collection colleagues: a dozen videos lasting one minute each, presenting the works of art in the Bank’s collection. An ideal format for publication on Instagram, for instance. Obviously, this communication work also involves boosting the Bank’s presence on social networks, YouTube, etc. All channels that it is perhaps less familiar with, but which are essential in 21st century communication. We cannot achieve all that overnight, but we are working on it!

What makes the Bank an attractive employer?

This desire to make information accessible to more people perfectly illustrates the Bank’s position in society, in the service of the general public. Having worked in continuing education, I am aware of this topic and I think informing the public about issues concerning the economy is essential, especially in today’s world. Enabling people to access information gives them the opportunity to become more involved in social, civic, economic and political life. If I can make a contribution to that, I shall be very pleased to do so.



Facilities management: the Bank's real estate projects

In a large undertaking like the Bank, there is always work in progress on buildings and facilities, as they need to be renovated and – in particular – adapted to new needs and new government criteria. As well as that, the Bank currently has two very substantial real estate projects in the pipeline, decided in 2017 and 2018: construction of a new Cash Centre in Asse (municipality of Zellik) and the large-scale refurbishment of the Bank's main building on the eastern side of Boulevard de Berlaimont.

The high-level planning of real estate projects is based entirely on the timetable for construction of the Cash Centre

While preparations can be made for the refurbishment of the main building, the work cannot actually begin until after the cash-related activities have been transferred from the headquarters in Brussels to the new building in Zellik. The two projects are therefore interlinked.

Considerable progress towards the construction of the future Cash Centre was made in 2020. The Bank received the final environmental permit and the site was released following an archaeological survey. Public

tenders were put out for construction at the new site and its technical operation for an eight-year period.

Construction is planned to take three years, and so far, that timetable appears feasible. This means that the transfer of the cash-related activities to the new site could begin in the first half of 2024.

The Bank maintains close contact not only with the Zellik local authorities but also with people living in the vicinity. The site is in fact surrounded by housing on three of the four sides. The neighbours appreciate the Bank's efforts to keep them well-informed and to minimise any inconvenience for the neighbourhood.

The preparations for refurbishment of the main building are on schedule

The Bank's main building on Boulevard de Berlaimont in Brussels was designed by the Belgian architect Marcel Van Goethem and constructed in the 1950s. It is now undergoing radical refurbishment, which will make it more functional and efficient. The Bank also wants to introduce new work options for its staff, and that entails modifications to the office infrastructure. Ultimately, all staff of the Bank will be able to



The Cash Centre site was released following an archaeological survey



move into the renovated building. Once the work is finished, the aim is in fact to dispose of the other buildings which the Bank still operates. In the new building, there is also space for direct services to the public – although on a much smaller scale than the current banking hall. In order to minimise the stock of cash in the “Brussels branch”, as it is already known, the building will receive regular supplies of small quantities of cash from Zellik.

The building’s refurbishment and partial change of use are in line with the strategy which the Bank previously defined for its buildings: it wants its buildings and facilities to be cost-effective and environment-friendly in the way that they are operated and maintained. It must also be possible to organise the necessary security in an efficient and pragmatic way. The building must be flexible to take account of the constantly changing office environment, it must be suited to the needs of the staff, providing adequate technical facilities such as meeting rooms, scope for cooperation, catering facilities, etc. The whole site will be asbestos-free and will be equipped with new energy services and sanitation. An effort will be made to minimise the vibrations caused by trains in the underground North-South link, which sometimes cause disturbance at present. The aim is also for the renovated building to be CO₂-neutral in its energy supply, and there has been close attention to sustainability during the project. For that reason,

the Bank’s CSR working group was closely involved in the renovation plans.

In refurbishing the main building, efforts will be made to preserve the heritage value of this building constructed in the modernist style and of the former official residence of the Governor at Rue du Bois sauvage. Designed by the architect Beyaert, the residence was built in the 1860s. Efforts will also be made to incorporate the Bank’s contemporary art collection in the overall scheme.

All these aims are reflected in a “design brief”, which will form an integral part of the public tendering for selection of a multidisciplinary engineering and architecture consultancy. The contract will be awarded in 2021.

The aim is to complete the preparations for the refurbishment work by the time the cash-related activities are transferred to Zellik.

Finding a temporary home for the Bank’s services

The planned refurbishment work on the main building is so extensive that the building will have to be vacated altogether for a long period. It is therefore necessary to find a temporary home for around

1 100 members of staff, the Directors, and a number of functions such as the banking hall and the conference rooms.

Following in-depth analysis of the needs and the options, a threefold solution was chosen. The building in Saint Gudula Square, just behind the cathedral, already rented by the Bank and accommodating 200 workstations, will continue to be used. The lease on that site was therefore renewed. Additional space was also sought for around 360 workstations in a building in the immediate vicinity of the Bank. Although the public tender was launched in 2020 and will be awarded in 2021, the lease will not start until 2024. Finally, the space already freed up in the office complex on the west side of Boulevard de Berlaimont will undergo minor refitting to accommodate around 600 additional workstations during the refurbishment of the main building. That refitting work will begin in the first half of 2021.

For sale: the Printing Works building

After production in the Printing Works ceased as previously announced, work began on dismantling the machinery and equipment and on technical separation of the Printing Works building from the Bank's other buildings nearby. The main machines used to manufacture banknotes were sold via a closed tender to specialist, certified securities printers. The other machines were sold through ordinary channels, removed or destroyed. Some residual activities were transferred to the Cash Service's Currency Expertise Centre. The Printing Works building was thus totally emptied.

Meanwhile, consultations on its sale proceeded with the Brussels Chief Architect and a property consultancy enlisted in 2019 to assist in the sale process. That consultation led to an urban development report

Activity-based working



The Bank is using the relocation operation necessary for arranging this temporary accommodation as an opportunity to introduce a "new ways of working" philosophy. The principle behind this philosophy is "activity-based working", referred to by the Bank as "Archipelago". That term refers to an archipelago in which the various small islands reflect diversity in activities, work and personalities within a consistent, cooperative whole. The Archipelago project is an integral part of the reform of human resources policy at the Bank. In order to involve the maximum number of workers in the project, the needs of each Department and Service are analysed to ensure that the new working environment corresponds as closely as possible to the specific needs. This project is led by a multidisciplinary team comprising staff from human resources, IT, technical services and communication.

setting out the guidelines for subsequent appraisal of applications for permission to change the use of the Printing Works, including the permitted uses and a possible increase in size.

The sale was announced at the end of August 2020 and the first firm offers were expected by the end of November. The sale was agreed and the agreement signed at the end of January 2021. The notarial deed will be executed in June 2021.



Director Vincent Magnée :

"Our buildings strategy should enable us to offer the Bank's staff a pleasant, modern and efficient working environment. That strategy also gives us the opportunity to set ourselves ambitious environmental goals."



Archive photo

“WE WERE ALWAYS RESPONSIBLE FOR FIRST-LINE SUPPORT”

PIERRE DUPONT AND MARC LENS / Printing Works

In August 2020, the National Bank's printing presses were finally shut down. The aim was to dismantle the Printing Works completely by the end of 2020, but COVID-19 decided otherwise. An interview with Marc Lens, who had been on the Printing Works staff since 1987, in charge of the machinery's electronics and computer programs, and Pierre Dupont, employed in the Printing Works since 1981 as a mechanic responsible for repairing and maintaining the machinery.

I am a bit surprised that the machinery was maintained by internal staff. I would have expected the manufacturer to deal with that.

Marc: "We were always responsible for first-line support. We were given advanced training for that purpose by the manufacturer, who could certainly see the benefit of having trained personnel on site. This also meant that we always kept up with the latest technology. And if we really couldn't resolve a problem ourselves, we contacted the machinery's manufacturer, whose technicians then helped us to find a solution."

Pierre: "When a new machine had been bought and company technicians came to set it up, we naturally took the opportunity to watch very closely what they were doing. In recent years, the operation of the machines had become increasingly complicated and we often received several days' training. We had to know the machine's sensitive points in order to be able to intervene if necessary."

Did your work change in the run-up to the closure of the Printing Works?

Marc: "Once the decision was taken, we naturally stopped buying new machinery. For us, it was therefore mainly a matter of keeping the machines in production, because breakdowns became increasingly common. IT and controls rapidly become obsolete and support is often terminated, so that we had to do some updating."

Pierre: "The age of the machinery also caused mechanical difficulties and recurrent problems. With the prospect of closure, machines were no longer replaced after the usual period, so we had to step in increasingly frequently to try to keep them running properly."

Did you succeed?

Marc: "We always kept the management informed of the condition of the machines. When it was really necessary to invest, we told them and they spent the money."



Did your role change when the printing works was being dismantled?

Marc: “Our role then was mainly to provide the buyer with accurate information on the machine’s condition. We also had to establish a timetable for disconnecting the machines safely and removing them. After that, we had to dismantle the installations, such as the wastewater tanks, the alarms, ...”

Pierre: “Of course, it was very important to maintain total safety in carrying out the work. We therefore asked for an external safety coordinator to be brought in. He was the ideal link between us and a company that wanted to buy a machine but did not have the expertise to disassemble it. The timetable for removing the machines was already fairly challenging, but COVID-19 naturally made things more difficult.”

How great an impact did the coronavirus crisis have on the planning?

Pierre: Its main impact was to cause numerous delays: plans constantly had to be adapted because, at certain times, we could no longer let outside firms into our premises.”

Marc: “In the final quarter of 2020, we liaised continuously with the internal Service for Prevention and Safety at the Workplace and with the Bank’s Chief Medical Officer to assess the risks. For example, we always made sure that only a limited number of external company personnel were present. But at one point, the government rules became so strict that hardly anything was possible.”

Pierre: “A German company was required to quarantine its personnel in a hotel for two weeks before they could start work. Of course, the company considered that the cost was too high, so everything was postponed.”

Marc: “The Brussels municipal authority has also been affected by the coronavirus crisis. It is sometimes very hard to get permission to close a road, for example. Things that take no more than three weeks under normal circumstances can easily take four months. That inevitably means more delays.”



How many machines had to be removed in the end?

Pierre: “There were a dozen large machines. As far as possible, we ourselves dismantled the unsold machines. But obviously, we are not equipped to move these heavy items. Machines like these are tens of metres long and they also weigh many tonnes.”

The unsold machines have to be removed. I imagine they cannot simply be taken to a container park?

Pierre: “These are machines for security printing and they can only be sold to printing works approved for that type of work, whether or not connected with a central bank. You have to have a certificate for the machines which are taken away. You have to be able to prove to the machine’s manufacturer that the machine has actually been destroyed. Moreover, that destruction must be irreversible, for instance so that counterfeiters cannot re-use anything.”

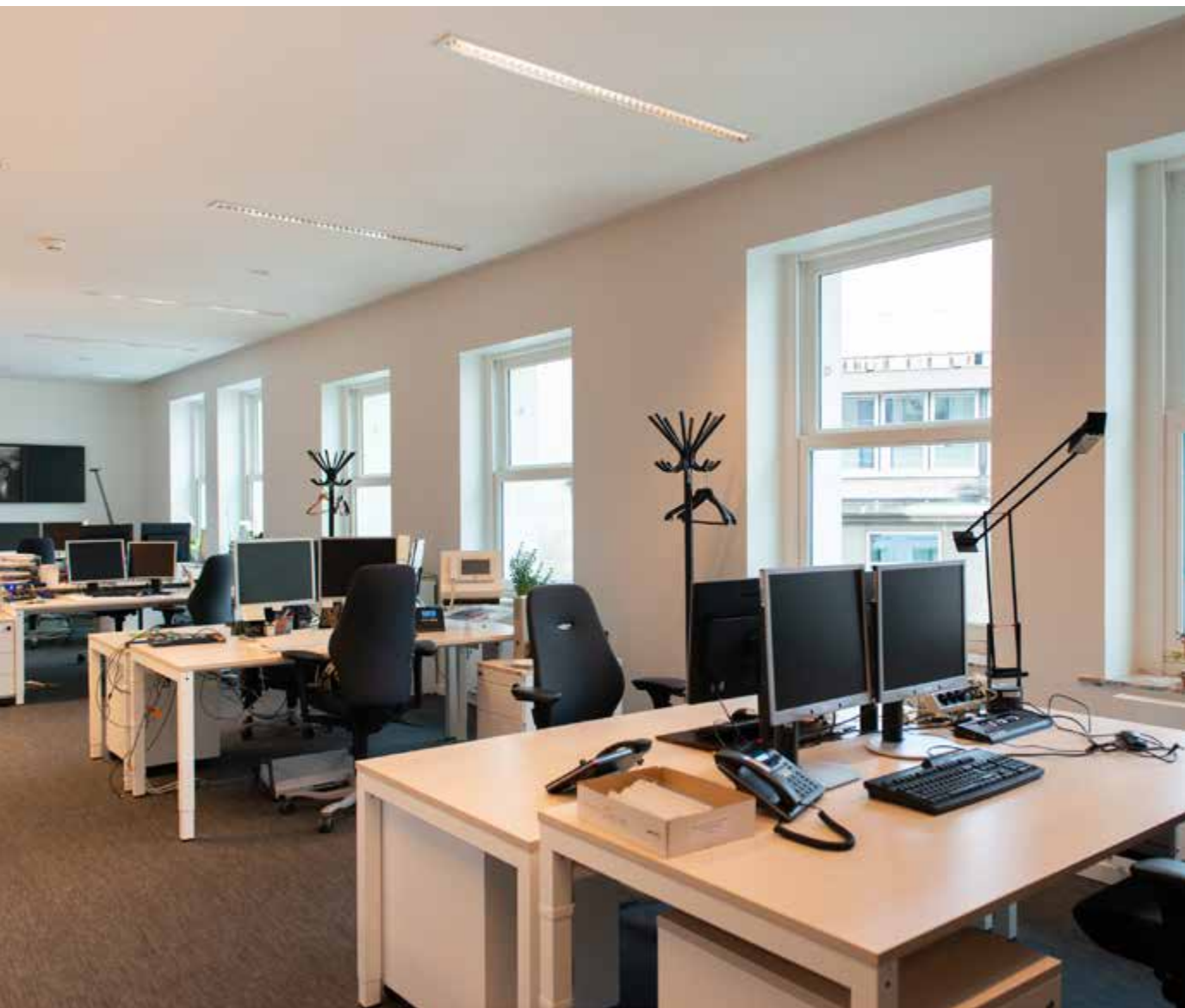
Marc: “In the Prepress section where the designs were produced, we also needed to destroy a lot of material. That operation was supervised by the Internal Audit Service. You have to be able to prove that everything has been properly destroyed.”

Human Resources

The Bank adheres to the safety rules: from full staffing to the absolute minimum

When the federal government ordered a lockdown on 17 March, the Bank decided to switch to minimum staffing of its buildings, and that was to remain so

for the rest of 2020. Pictures of empty corridors and office spaces became the new normal. Almost all the work is done digitally, but a range of tasks do require a physical presence, even if only to enable other staff to work from home. During the first lockdown, there were sometimes less than 5 % of the staff present in the buildings. And yet, the Bank remained fully operational.



The time line

End
FEB

Persons returning from risky areas stay at home

2000 people present

At the end of February 2020, the Bank decided that, as a precautionary measure, staff returning from risky areas must stay away from the Bank for two weeks. That applied to about a dozen staff. At the time, risky areas meant: China, Hong Kong, Macao, Singapore, South Korea, Iran, northern Italy and the Italian region of Le Marche.

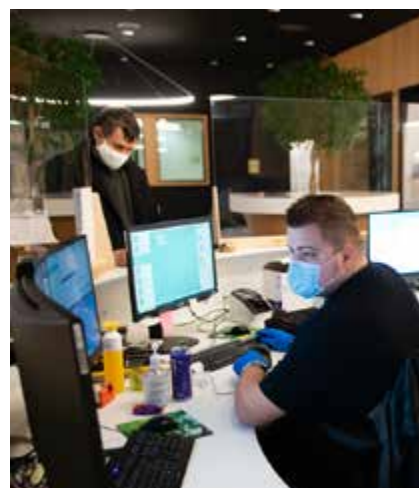


13
MAR

Maximum home working

500 people present

Two weeks after the introduction of the restrictions on staff returning from risky areas, the Bank decided that it had to arrange more home working: from 13 March, anyone able to work from home had to do so, but staff who were unable to do that were permitted to continue working in Brussels. Suddenly, instead of almost 2 000 people attending the place of work (personnel, consultants and external partners for the technical facilities, catering, etc.) there were just 500. The IT Department made sure that home working proceeded smoothly from the very first day.



18
MAR

Minimum occupation

80 people present

Barely five days after the introduction of maximum home working, the government made that approach compulsory and even tightened up the rules: the Bank switched to strict minimum occupation. Only workers carrying out essential tasks could still work on the Bank's premises: staff unable to work from home could no longer come to the Bank. The Bank suspended almost all its cash-related activities, and for a time external technical firms were no longer admitted. On average, only 80 staff were still present in the buildings. There had never before been so few present on working days.



MAY

External firms and cash-related activities

230 people present

To support businesses, external firms' technicians were again allowed into the Bank's buildings to carry out renovation work, to resume maintenance of the lifts, etc. In mid-May, some cash-related activities were partially restarted: sorting of returned banknotes was resumed, the Printing Works could begin operating again, and the public were again allowed into the banking hall. At that time, there were 230 people present on the premises every day.



JUNE

Further easing of restrictions

Maximum 500 people present

In mid-June, it again became possible to allow additional staff into the workplace. A week later, staff members themselves were able to request permission to work in Brussels for a day, from time to time, e.g. for their own convenience or to meet colleagues. A maximum quota was set at 500 workers per day.



AUG -
SEP

Stricter rules again

350 people present

When infection rates began rising again at the end of July, the rules allowing people to come and work on the Bank's premises were tightened up again: "convenience or contact with colleagues" was no longer a permitted reason. The aim was to limit the "essential presence" to a maximum of 350 workers.



NOV -
DEC

Home working again becomes compulsory

230 people present

In the final months of the year the government constantly repeated that maximum home working was necessary, and at the end of October it decided to make it strictly mandatory once again. Cash-related activities and support services were reorganised to operate with fewer staff. Apart from essential activities, however, some special exceptions were permitted, particularly to receive and train new staff, to obtain IT equipment, get a flu vaccination, ...



From November to the end of the year (and again in early 2021), the number of staff at their place of work reverted to the level seen in May.

The Bank is also adopting measures for its external stakeholders

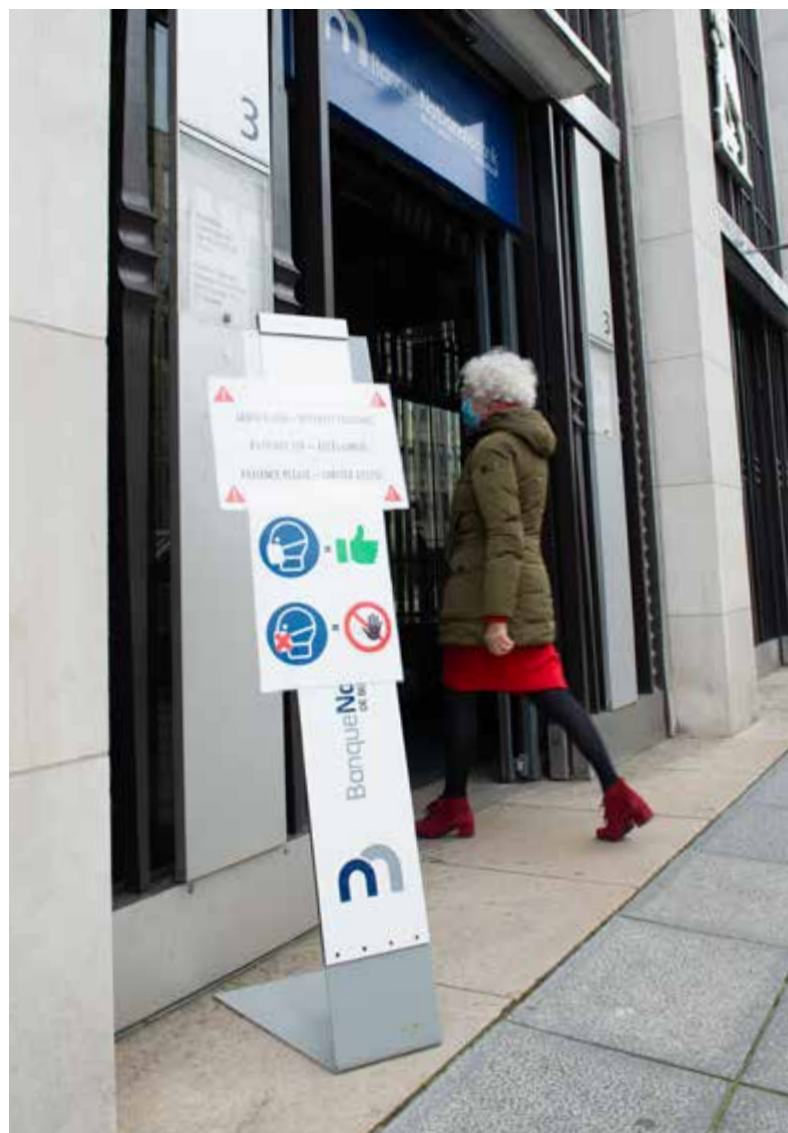
When adopting measures relating to its method of operation during the pandemic, the Bank also took account of a number of external aspects.

It was promptly decided to pay suppliers' invoices as quickly as possible. In this way, the Bank intended to help address liquidity problems facing many businesses as a result of the pandemic.

All external players – self-employed workers, freelancers, consultants, entrepreneurs and external subcontractors – were informed through appropriate channels: e-mail, bilateral contact, notices for visitors, and a page on the website containing "COVID-19 guidelines for visitors and external personnel".

Except for the presence of entrepreneurs' personnel and suppliers, the Bank ruled that visits by outsiders must be kept to the strict minimum. In principle, all physical meetings were replaced by online meetings.

The Bank also drew up rules for the off-site activities of members of its staff. The Bank's employees – primarily those involved in prudential supervision – are presumed to make regular visits to financial institutions. A list of the minimum measures to be applied in institutions to be visited was thus drawn up. It was also stressed that the visits should be as brief as possible.





"NO-ONE REALLY KNEW WHAT WAS COMING"

JEAN PAUL JACOBS / Coordinator of the COVID-19 working group

When Jean Paul Jacobs joined the 2nd Line of Defence Department, which watches over effective risk management at the Bank, he probably had little idea what awaited him. He became the coordinator of the NBB COVID-19 working group, responsible for continuous assessment of the impact of the pandemic and the resulting policy decisions on the Bank's internal functioning. A hellish task if ever there was one, but with the help and involvement of a large number of colleagues who put in so much effort, he succeeded in making the Bank one of the most proficient in that respect.

When did the alarm bells ring at the National Bank ?

"In our Department, we risk managers were already on our guard back in January. In mid-February, we decided to set up a Task Force chaired by Director Vincent Magnée, with the assistance of all departments. After that, the COVID-19 working group was created with a smaller number of members. Its job was to submit recommendations on policy and practical measures to the Task Force and the Board of Directors."

Did working from home become the norm as early as March ?

"We asked anyone returning from a skiing holiday to stay away from the Bank for two weeks. It was also very quickly decided to allow staff to work from home as much as possible. I must admit that we were lucky in that respect. Thanks to the progress of the "Mobile Worker" project replacing staff desktop computers with laptops, home working was already well-established. Our IT Department went into overdrive to make sure that the few groups that did not yet have laptops were able to catch up."

The Bank performs a vital or even critical function regarding certain services. Was it wrong-footed at any point ?

"The Bank has always managed to continue operating without any problems, and even responded to another major challenge in supporting the Governor in the ERMG, for instance. At times, some of the line managers considered that our recommendations on organising the work were too strict. But we always followed the advice of our company medical officer, and I am sure that we demonstrated all due caution and averted problems. By maximising teleworking from the start, we quickly achieved a substantial reduction in the number of potential contacts in the workplace. And for staff whose physical presence was essential – colleagues in Financial Markets, the Cash Service, the Digital Printing Room, the Mail Room, the Security and Surveillance Service, etc. – we took all necessary measures. Face masks and disinfectant gel were provided everywhere they were needed. We also introduced the necessary social distancing measures."



When the government published a generic guide on measures to combat the coronavirus, we realised that we needed to define our policy on the subject ourselves in accordance with the chapters of that guide, in order to produce our own coronavirus guide for the Bank. Our technical service then put up all the necessary signs in record time throughout our buildings and premises. From the start, we also adopted an internal contact tracing policy and put people "in quarantine" as a preventive measure. This cautious policy proved successful. We had only a very small number of isolated cases of infection in the workplace."

What was the Bank's strong point in this crisis ?

"No question: it was cooperation. First within our own Service, where I enjoyed massive support from my officers and colleagues. But I also had to work with numerous colleagues from other services. That included many people that I never met in person, but some of them have since become my friends. Sometimes, I would think of something I needed to do and I would find that colleagues had already dealt with the issue. In the past, it was said that the National Bank was like a group comprising multiple businesses. But this crisis has shown that, when the time comes, there is perfect cooperation between the various services and that we can always trust in our small army of experts in multiple spheres."

The workforce is continuing to shrink and its composition is changing

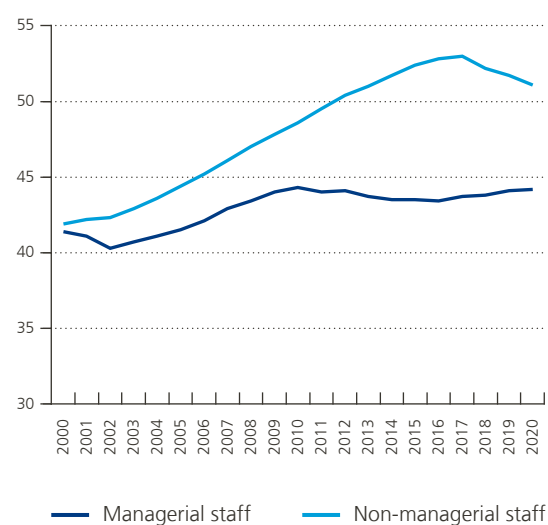
Staff numbers at the Bank declined again this year, from 1 734 FTEs at the end of 2019 to 1 680 FTEs at the end of 2020, thus maintaining a continuous fall since 2000 except for 2011 when the activities and staff of the CBFA were transferred to the Bank.

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

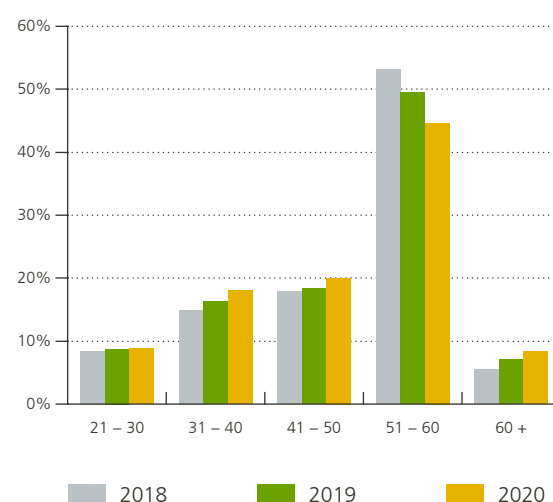
The number of permanent staff recorded on the social balance sheet came to 2 007.26 FTEs at the end of 2020. The discrepancy is due to the use of a different methodology: the social balance sheet includes all workers recorded on the staff register, whether they are still active or not. In particular, this concerns employees taking advantage of the early retirement plan and those on long-term leave.

In its future recruitment campaigns, the Bank endeavours to hire highly-qualified people so as to meet the new needs and challenges of tomorrow. Over 40 % of the Bank's staff hold at least a Master's degree and almost 70 % hold a higher education diploma.

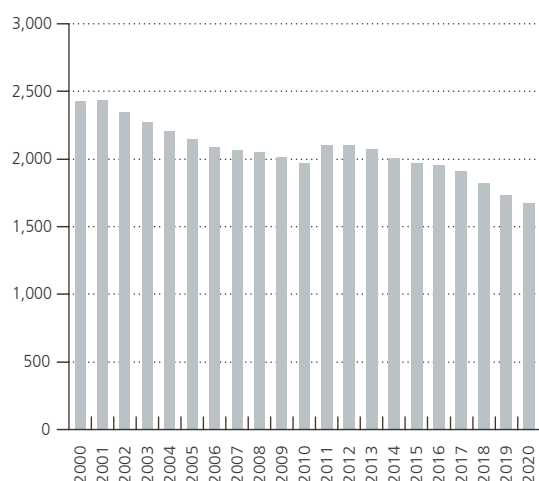
Average age of staff



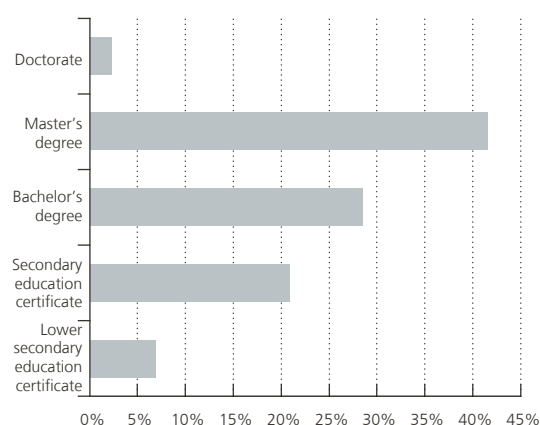
Staff age distribution



Number of NBB staff (FTEs)



Educational qualifications



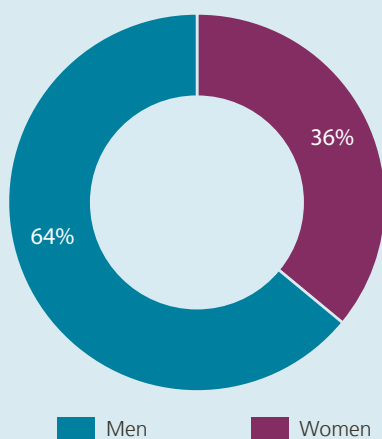


An action plan to encourage more diversity and female staff at the Bank

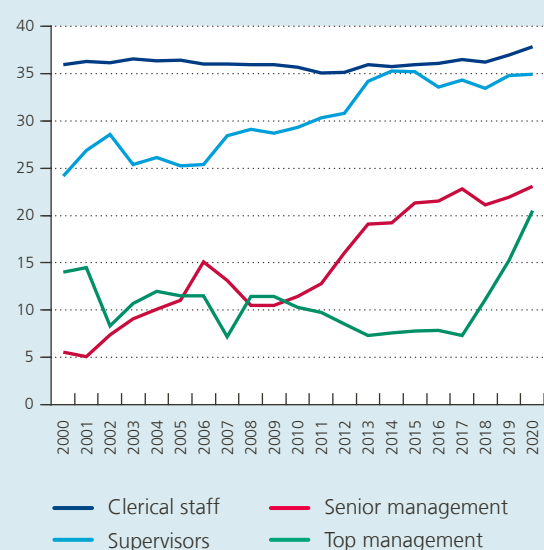
For two years now, the Bank has had a gender diversity policy and an action plan aimed at increasing the representation of women among the supervisory staff and the management. In 2020, there was a very slight increase in the percentage

of women in the Bank's total workforce. The improvement is more marked at management level. This action plan is part of the Bank's efforts in regard to its social responsibility.

Percentage of women and men in the workforce



Percentage of women at each level in the workforce



There was some delay in the election of staff representatives

As in most medium-sized and large undertakings in Belgium, the four-yearly “social elections” were scheduled to take place at the Bank in 2020. In mid-February, it was officially announced that the elections would be held at the Bank on Thursday, 14 May for the purpose of appointing 18 members of the Works Council and 18 members of the Committee for Prevention and Safety at the Workplace. With that announcement, the unions active in the Bank were able to launch their campaign.

That was without reckoning on COVID-19. In mid-March, when the economy and social life came to a halt in Belgium, there was soon a consensus on the impossibility of organising these elections as normal in May. The elections were postponed, and were eventually held at the Bank on 19 November.

As home working was still the rule at the Bank in November, it was clearly inappropriate to bring the voters together in voting offices and have them cast their vote on paper. Postal voting and electronic voting arrangements were agreed with the organisations representing the employees. Staff members were free to choose, but electronic voting was only possible for those who had a secure link to the Bank’s IT network. Staff opting for a postal vote were sent their voting papers by post in good time; postal votes received back by the Bank before 12.00 on 23 November were taken into account.

1 676 valid votes were cast for the Works Council and 1 669 for the Committee for Prevention and Safety at the Workplace. Voting by post or electronically certainly was not detrimental to “participation” in the vote. Everyone agreed that the electronic voting went particularly well.

The Works Council meets every month, in principle, under the chairmanship of the Governor or his deputy. The same applies to the Committee for Prevention and Safety at the Workplace, chaired by the head of the Human Resources Department.

Obituaries



The Bank was saddened by the death on 15 October 2020 of its honorary Governor, Viscount Alfons Verplaetse, following COVID-19 complications. Born in 1930, Fons Verplaetse had entered the service of the Bank in 1953 after completing business and diplomatic studies. In 1988, he was made a Director and Vice-Governor of the Bank, becoming Governor in 1989. During the challenging 1980s and 1990s, he helped to shape Belgium’s economic recovery and set the course that would take Belgium into the Economic and Monetary Union, and subsequently the Eurosystem. He kept a firm hand on preparing the Bank for this important progress towards EMU. He remained Governor until 1999.

In 2020, the Bank was also saddened by the death of four staff members: Johan Scherpereel, Rudy Thomas, Eddy Van den Stockt and Michel Zwaenepoel.

They will always be remembered.

Retirements

The Bank would like to express its gratitude to the staff who retired in 2020.

Talent Acquisition – a new approach

The Bank's jobsite has been given a new look

The "talent wars" are still an important feature of the labour market in Belgium. Even the National Bank cannot automatically attract the right people.

In order to showcase the points which make it attractive as an employer – its "employer brand" – the Bank works with an external communication consultancy. The first phase dating from mid-2019 determined what unique combination of benefits, qualities and features the National Bank has to offer as a potential employer: this is known as the Employer Value Proposition (EVP). At the National Bank, that is based on four values corresponding to its corporate values: job content and prestige, social relevance, training and support, and friendly colleagues.

*Under the slogan
"That's just like us", they promote
the Bank's image and activities
and the expertise of its staff*

Staff of the Bank were asked to express this EVP in the form of photos and video messages and explain what working at the Bank means for them. Under the slogan "That's just like us", they promote the Bank's image and activities and the expertise of its staff.

The Bank's new jobsite was launched at the beginning of 2020. With its clear structure, engaging texts and carefully designed videos, this jobsite is an attractive portal where potential new employees can obtain a good idea of what the Bank has to offer as an employer. Vacancies are clearly described and can also be readily shared via various social media.

The candidate experience has also been improved by streamlining the application form and the application procedure; FAQs were added, and applicants can now make direct contact with the recruiter for each vacancy.

The new jobsite ensures that the Bank's advantages are highlighted and makes it easier to apply for a job.



The Bank still continued recruiting large numbers of staff during the COVID-19 pandemic

COVID-19 did not reduce demand for new staff at the National Bank: on the contrary. A large number of staff who retired or left the Bank had to be replaced, and some services needed temporary reinforcements.

That is why, at the beginning of April, the Bank quickly switched to online interviews and

assessments, in order to ensure the necessary inflow of new staff. Altogether, the Bank welcomed 77 new staff last year. These new employees received an appropriate corona-proof “onboarding” from staff in the Human Resources Department and from their immediate colleagues.



That's just like us.