

A. Introduction

In early 2022, the waning of the COVID-19 pandemic and the economic recovery raised the hope that the Bank's normal prudential activities could resume. In late February 2022, however, Russia's invasion of Ukraine hindered a return to normality. This conflict generated a series of uncertainties and led to a further increase in inflation, especially energy inflation. At the same time, the growth outlook was sharply revised downwards. Central banks began to tighten their monetary policy to contain inflationary pressures, leading to an increase in market rates. These macroeconomic and macrofinancial developments had an impact on the agenda of prudential authorities, in Belgium and elsewhere.

Against this backdrop, macroprudential initiatives were taken at both national and European levels. The European Systemic Risk Board (ESRB), which is responsible for coordinating macroprudential policy at EU level, inter alia issued a warning¹ to highlight the increased probability of the materialisation of a number of serious risks to financial stability. At national level, the Bank, in its capacity as the macroprudential authority for Belgium², maintained a series of existing measures and decided not to impose new capital requirements on the banking sector, in order to encourage banks to offer solutions to households and non-financial corporations in difficulty. These initiatives are described in more detail in part B.

In addition to its macroprudential tasks, the Bank is responsible for the supervision of credit

institutions (under the single supervisory mechanism (SSM)), stockbroking firms, insurance undertakings, financial market infrastructures and payment institutions. Changes in the regulatory and statutory framework specific to one or more of these sectors are described in part C. Adjustments to the regulatory and legal framework for banks and insurance undertakings mainly related to structural developments which had already begun or been announced. Furthermore, the Bank continues to devote increasing attention and resources to monitoring compliance with the provisions on the prevention of money laundering and terrorist financing and to climate-related risks, for all sectors under its supervision.

The operational aspects of the supervision of financial institutions in 2022 are presented in part D. The Bank's work, including inspections, covered both recent economic and financial developments and more structural issues.

Regulatory and prudential supervision aspects specifically related to the digitalisation of financial services are discussed in part E. The digitalisation of financial services creates both opportunities and risks for the financial sector. The work carried out by the Bank in this area covered the financial sector's preparation for the shift to digitalisation, the prudential treatment of certain assets and the sector's operational resilience, including in relation to cyber risks.

Finally, the Bank is also the national resolution authority for Belgium. The Bank's actions in this capacity are discussed in detail in part F. This part covers in particular recent legislative developments (for both banks and insurance undertakings), expectations of resolution authorities with regard to resolvability and the establishment of resolution financing arrangements.

¹ Warning of the ESRB of 22 September 2022 on vulnerabilities in the Union financial system ([ESRB/2022/7](#)).

² Act of 25 April 2014 establishing the mechanisms for a macroprudential policy and setting out the specific tasks of the National Bank of Belgium in connection with its mission of contributing to the stability of the financial system.