WSBI Fosters Financial Collaboration and Enrichment in Marrakesh, Morocco

By Stephanie Yeze

In a resounding celebration of collaboration and knowledge-sharing, WSBI proudly unveils the triumph of its 29th African Regional Event held in the vibrant city of Marrakech from October 11-13.

Gracefully hosted by long-standing member Al Barid Bank, and Mr. Al-Amine Nejjar, WSBI Vice President and President of the Africa Regional Group, and President of the Board of Directors of our host, Al Barid Bank, the event marked a significant milestone in fostering financial inclusion and empowerment across the continent. Distinguished keynote speakers, including Mr. Ryad Mezzour, Moroccan Minister of Industry and Trade; and Ms. Aouaf Haday, Moroccan Minister for Solidarity, Social Integration, and the Family, set the stage for an enlightening conference.

The event commenced with a moment of silence to honor the victims of the earthquake that struck the country in September. The first panel centered on socioeconomic empowerment for women, a critical focus in the African region. Notable participants included a member of the United Nations High-Level Panel on Women’s Economic Empowerment, the Managing Director of EBRD, the Director of the Fondation Marocaine pour l’éducation financière; and Ms. Cynthia Ikponmewosa, the Managing Director of WSBI member LAPO Nigeria. These experts emphasized the significance of financial education & inclusion, and financial literacy in driving women’s social and economic empowerment in Africa.

Dr. Wissam H. Fattouh, Secretary General of Union Arab Bank, inaugurated the second panel by addressing the role of Fintech on financial inclusion, regulatory considerations, and perspectives and expertise.

The final panel focused on climate change adaptation and resilience, featuring Mr. Valerie Hickey from the World Bank, Mr. Diederick Zambon, Acting Director for the European Investment Bank, and Mr. Davide Forcella, Director of Just Finance. This discussion shed light on the implications of increased climate risk for affected customers, particularly rural households, and emphasized the roles that financial service providers, implementers, and funders can play in preparing vulnerable populations against climate-related challenges.

The event concluded with a speech by Mr. Khalid Safi, Managing Director of Caisse de Dépôt et de Gestion (Marrakech), providing a fitting closure to this enriching experience.

On the following day, the Annual Meeting for African members was held in the morning. This gathering provides the WSBI African community with a unique opportunity to come together physically once a year. It serves not only as a platform for members to get acquainted but also as a forum to present the significant achievements of the past year and outline the primary priorities for the upcoming one. This meeting holds particular significance for WSBI African advisors, as it plays a pivotal role in shaping the WSBI 2024 work plan for the African region.

Representatives from ten African institutions, namely: LAPO Nigeria, Tanzania Commercial Bank, Botswana Savings Bank, FINCA Uganda, Caixa Economica de Cabo Verde, Caisse d’Epargne de Madagascar, La Poste Burkina Faso, People’s Own Savings Bank (POSB), Caisse de Depot et de Gestion (Marrakech), and, of course, the host, Al Barid Bank participated in the 2023 annual meeting, contributing to the richness of discussions and collaborations.

The afternoon of 12 October was dedicated to the WSBI statutory meetings: the 59th President Committee and the 40th Board of Directors. The day concluded with a splendid gala dinner, graciously hosted by Al Barid Bank.

The morning of October 13th saw a dedicated Scale2Save side event titled “WSBI as a catalyst for unlocking the potential of female entrepreneurs”. It brought together representatives from all regions of our network to share experiences on the topic. Wendy Teleki, Head of the Women Entrepreneurs Finance Initiative (We-Fi) Secretariat, hosted at the World Bank, was the keynote. Later that day, Mrs. Teleki witnessed as WSBI President, Isidro Fainé, and Managing Director, Peter Simon signed the WE Finance Code. The Code aims to promote the reduction of the economic gap that affects women entrepreneurs globally, with a special focus on those living in developing countries.

In the afternoon, the 30th WSBI General Assembly took place. It was followed by our traditional reception in the context of the IMF and World Bank annual meetings also held in Marrakesh at the time.

WSBI extends its warmest thanks to all participants, speakers, and sponsors whose contributions ensured the resounding success of these events, reinforcing WSBI’s commitment to driving positive change in the African financial landscape.
GLOBAL ADVOCACY

WSBI Advocates for Women-Led MSMEs and Financial Inclusion in 2023 Global SME Finance Forum

The Managing Director of the WSBI-ESBG Mr. Peter Simon addressed an esteemed panel titled "Gender Equity & SME Financing in a Digital Landscape" which was organized as part of 2023 Global SME Finance Forum in Mumbai where WSBI’s 24th Asia Regional Group Meeting was kindly hosted at the premises of our member State Bank of India. During his deliberations, Mr. Simon emphasized the pivotal role played by women-led small and medium enterprises (MSMEs) in shaping our societies’ health, growth, and socio-economic fabric. He also outlined the challenges faced by these enterprises and the commitment of WSBI-ESBG members to serving them.

Organized in collaboration and generously sponsored by our member State Bank of India, under the kind auspices of Mr. Alok Kumar Choudhary, Managing Director of State Bank of India and member of the Board of Directors of WSBI along with the World Banks SME Finance Forum and the International Finance Corporation’s Women Entrepreneurs Finance Initiative (We-Fi), this insightful panel brought together key sector players with the World Bank’s SME Finance Forum and the International.

In our journey of a hundred years, we have constantly asked ourselves what ‘serving the left behind’ means in today’s context,” Mr. Simon stated. He outlined two main objectives for WSBI-ESBG: universal service to women and addressing “Inclusion in 2023 Global SME Finance Forum

The speech began with a reflection on the banking turmoil and climate-related financial risks. Mr. De Cos provided an overview of the Basel Committee’s work program, approved last year, highlighting its dynamic approach in responding to ongoing events in the banking sector. He structured the program into four pivotal themes: the Basel Committee’s Strategic Direction in Response to Global Banking Challenges

At the recent WSBI-ESBG Annual African Regional Meeting held in Marrakesh, Mr. Hernandez De Cos, Governor of the Bank of Spain and Chair of the Basel Committee, delivered a comprehensive speech, acknowledging the significant role of retail saving banks in Spain and globally, and specifically recognizing the contributions of Mr. Fainé, Chairman of La Caixa and President of WSBI.

Mr. De Cos provided an overview of the Basel Committee’s work program, approved last year, highlighting its dynamic approach in responding to ongoing events in the banking sector. He structured the program into four pivotal themes:

Here, the Committee is adopting a holistic approach, examining the importance of maintaining effective cross-border supervisory cooperation, considering it more crucial than ever.

The final theme addressed was climate-related financial risks. Here, the Committee is adopting a holistic approach, examining how its three pillars – Pillar I, Pillar II, and Pillar III – are influenced by climate-related financial risks and regulation. De Cos noted the ongoing work to assess gaps in the existing framework and the possibility of regulatory measures to address these risks. The Committee also plans to coordinate with the International Sustainability Standards Board on climate scenario analysis and disclosure.

In conclusion, De Cos acknowledged the risks and vulnerabilities affecting the global banking system and highlighted the comprehensive work program of the Basel Committee to address these challenges. He emphasized the importance of maintaining cross-border supervisory cooperation, considering it more crucial than ever.
We have made a real effort to promote financial inclusion in rural areas, especially in areas and segments of Spain, our remote advisory service with the Spanish Postal Service to provide cash in rural areas. Our commitment to financial inclusion is also reflected in our effort to help senior citizens and vulnerable segments. We have established a 1,600-strong network of senior citizen centres and we also provide around 300,000 customers with commission-free social or basic accounts.

In 2007 we launched MicroBank, which specialises in SMEs. Lending: Today, it is one of the leading microfinance institutions in Europe.

What are the keys to your success with MicroBank?

MicroBank's model is based on three pillars. First, the agreements we have with a major European microfinance institution, the European Investment Bank, give MicroBank access to significant support programs. Second, MicroBank leverages CaixaBank's distribution network, with over 3,600 retail branches, to reach every corner of Spain. And finally, it has the support of the 290 public-private entities, including NGOs and universities that actively cooperate by providing support to enterprises in their business plans.

In its 15 years of history, MicroBank has granted more than 9 billion euros in non-collateralized financing for 1,300,000 jobs in Spain, which is creating more than 300,000 jobs and the launch of more than 100,000 new businesses. This is an incredible track record.

MicroBank's performance is particularly impressive given that 47% of loans have been granted to women and 54% to people living in rural areas or with a degree of disability. Furthermore, it is very proud to say that MicroBank clients have a strong track record in fulfilling their lending commitments, with a NPL ratio of just 4%.

In 2021, we appointed a Chief Sustainability Officer. In 2022, as signatories of the Net Zero Banking Alliance, we set a goal of net-zero green house gas emissions by 2050.

"la Caixa" Banking Foundation is the largest banking foundation in Europe and your main shareholder.

What does it mean in terms of your social commitment?

"la Caixa" Banking Foundation is committed to social responsibility, and our financial activity is just one part of that. We are proud to say that "la Caixa" Banking Foundation inspires our values and corporate culture.

More than 50% of our dividends are paid to "la Caixa" Foundation. The Foundation has a budget of 538 million in 2023 and it makes us proud to know that CaixaBank contributes to its financing in a subsidised way. This budget is used to fund a variety of social initiatives, including initiatives that have been carrying out for decades.

In the first half of 2023, 2,900 NGOs have already benefited from 5,054 projects all over Spain and Portugal.

Furthermore, our alliance with "la Caixa" Foundation allows us to closely collaborate with other relevant social programs, such as the "Incorpora" Program. This is a programme that helps people with disabilities find work. In 2023, 3,034 projects all over Spain and Portugal.

In all these activities we get our clients involved – and they love it!

As a part of our social commitment, we have a Volunteer Program with more than 20,000 volunteers in the CaixaBank Group. They carry out volunteer activities, mostly in cooperation with "la Caixa" Foundation. Focused on promoting financial education for young people, senior citizens and people with disabilities. Other programs include employment creation, job insertion, fighting child poverty and social exclusion, support for the elderly, protection of the environment, and job insertion, fighting child poverty and social exclusion.

So far this year, more than 35,000 people have already been carried out that have benefited 280,000 people.

Our Volunteer Program is an important part of our social commitment and our corporate policies. They are proud to give back to society through the "la Caixa" Foundation, which supports a variety of social programs with our profits.

The regulatory environment for banks continues to evolve rapidly, with a close to finalised implementation of the Basel III reforms and several regulatory initiatives in train, including ESG, resolution, digital, payments and cybersecurity fronts. How are you and other banks are elaborating on how CaixaBank navigates these regulatory complexities while ensuring it meets the needs of our customers?

Banking is an extensively regulated activity, and there are good arguments for why the WBSBEG: take a constructive approach to the broad and rapidly evolving regulatory environment, helping to promote a solid, consistent, and sustainable banking sector. We are also mindful of fully complying with all existing rules and guidance. Banks and regulators are constantly evolving together, facing common challenges such as digital, and ESG issues. These issues require to continuously evolve our internal organisation, frameworks, and procedures to gather new data, adapt or develop new methodologies, and to apply controls to ensure all is aligned with the business strategy and complies with obligations. This sounds tough. And it is tough. But this is the nature of our business environment that we are all walking through, including those that are more experienced and regulated.

Another challenge is that new regulation is turning increasingly complex and involve a wide range of stakeholders. Take for example the digital euro project which involves a range of actors, including banks themselves (in fact, CaixaBank was selected to collaborate in prototyping it) but also other payment services providers and non-financial companies like big tech firms.

As a result, the implications for the normal functioning of the financial system and the economy are profound. In my view, all these developments call for a more holistic, integrated and balanced approach to regulation and supervision, where responsibilities and requirements are distributed efficiently and on a risk-based driven.

Given the current global economic uncertainties, what specific risk management strategies has CaixaBank implemented to ensure it can effectively manage its risks, both internal and external, while maintaining its commitment to its customers and stakeholders?

Prospective is key for us. We proactively monitor macroeconomic forecasts. This allows us to run our risk planning tools and early warning systems to identify potential vulnerabilities in our own portfolio and in new credit applications. These tools combine both top-down perspectives and bottom-up analysis by client by client, in order to really understand the nature and magnitude of the risk and vulnerabilities.

Risk culture is also paramount. All of our team members know the main risks that we face and have a responsibility to manage and control them, from the business units through to the risk-related areas. While we have highly specialised teams for the different phases of the credit lifecycle, all of them are coordinated. For instance, should any of our exposures show signs of weakness, we have learned to minimalise any negative impact by involving different lines of business and departments.

There are relationship managers and specialized areas that accumulate customer knowledge. We also have a clear protocol and information that helps to anticipate and monitor potential default alerts, to provide alternative financial solutions.

In the short term, this work helps to mitigate and minimize the impact of credit quality deterioration. In the longer term, it helps CaixaBank to adapt its strategies to the changing environment and to maintain a strong capital and liquidity position.

In terms of Spain's current Presidency of the Council of the European Union, how does it evaluate its key economic priorities? Would you consider that ambitious objectives have been set so far or that more could be done?

We have the last Presidency of the EU Council in this legislature. Spain has a long and proven track record in building bridges and finding compromises among member states in the European Union, so I am hopeful that significant progress is being achieved.

The priorities of the Spanish Presidency touch on key issues for the EU. Open strategic autonomy, green transition, the promotion of social and economic justice, and the strengthening of the European Union’s resilience and solidarity – all are matters affecting people, companies, and their interactions through financial markets and the economy.

As a result, banks, as many financial intermediaries in the EU, have a key role to play.

Among the several policy areas where banks are called to contribute, I want to draw attention to the NextGenerationEU funds. The European Commission has just approved the Addendum to the Spanish plan, which includes the mobilisation of up to 85 billion euros. Of this, almost 40 billion will be directed through different funds with close collaboration between the European Stability Mechanism and the European Commission and the European Investment Bank (EIB) and banks to multiple sectors and companies across Spain.

These funds have the potential to boost investment in the coming years, especially to support the green transition. Simultaneously proactive measures, attractive conditions and workable eligibility criteria will help to maximise the advantage of this unique opportunity.

I N S T R U C T I O N S ON P A G E 8
Sustainability Reporting

By Andrea Lungu

In a proactive stride towards a greener and more accountable corporate landscape, the European Union (EU) has embarked on a sustainability reporting revolution. Guided by the Corporate Sustainability Reporting Directive (CSRD), introduced in April 2021, this initiative compels EU-based companies to meticulously divulge their environmental and social contributions. This structured approach ensures transparency and bolsters corporate accountability, aligning with the EU’s overarching sustainability goals, including the European Green Deal and climate neutrality by 2050.

Within the CSRD framework, European Sustainability Reporting Standards (ESRS), developed by the European Financial Reporting Advisory Group (EFRAG) play a pivotal role in standardizing sustainability reporting, making it mandatory for approximately 50,000 EU firms and potentially influencing businesses beyond the EU’s borders. As the EU propels forward on this path, it anticipates greater standardization, transparency, and sustainable corporate practices.

BRIDGING EXPERTISE: EFRAG’S VITAL ROLE IN SHAPING ESRS DEVELOPMENT

EFRAG plays a crucial role in the development of the ESRS standards. At the EU level, EFRAG serves as a key advisory body, providing expertise and guidance on various financial and reporting matters.

Specifically in the realm of sustainability reporting, EFRAG plays a crucial role in shaping ESRSs through coordinating consultations, ensuring reporting alignment with broader sustainability reporting frameworks, fostering transparency and sustainability in the corporate sector.

UNVEILING SET 1 ESRS: A CATALYST FOR SUSTAINABLE CORPORATE REPORTING IN EUROPE

Set 1 of the ESRS (also referred to as sector-agnostic) comprises a comprehensive framework for sustainability reporting, addressing key areas of corporate responsibility. The data points within this set encompass a wide range of topics, including carbon emissions, energy consumption, water usage, waste management, employee welfare, and diversity and inclusion.

These standards mandate companies to disclose detailed information on their sustainability performance, extending from supply chain practices to the entire product life cycle. Materiality assessments are a central focus, requiring companies to determine the significance of sustainability data and make explicit disclosures regarding non-material data points.

For instance, Set 1 introduces phased implementation, allowing companies to gradually adapt to these stringent reporting requirements, ensuring transparency and accountability in the pursuit of a sustainable future.

NAVIGATING ESRS FOR BANKS

The implementation of ESRS has ushered in a transformative era for companies. For banks, in particular, ESRS holds significant implications. Financial institutions must assess their sustainability practices, especially in areas such as responsible lending and investments. Furthermore, they must engage with their customers, including small and medium-sized enterprises (SMEs), to gather sustainability-related information. This enables banks to align their services with the broader goals of sustainability and respond to evolving regulatory and societal expectations.

In essence, sustainability reporting stands as a cornerstone of the EU’s commitment to fostering responsible corporate behavior. Anchored by the CSRD and the pivotal ESRS, this journey is guided by EFRAG’s expertise in bridging stakeholders and shaping standards. ESRS Set 1 comprehensively addresses sustainability topics, with banks embracing transformative changes, aligning with sustainability goals, and fostering responsible banking practices while adhering to the EU’s financial reporting requirements.

Finally, EFRAG’s continued guidance efforts reflect an adaptable approach, ensuring that the EU remains at the forefront of global sustainability endeavors.

This collaborative effort concluded on August 8, 2022, and, after thorough deliberations and feedback, EFRAG proudly gave its stamp of approval on November 15, 2022, subsequently transmitting the eagerly awaited Set 1 ESRSs to the Commission on November 22, 2022.

Fast forward to July 31, 2023, and the European Commission made a significant stride by adopting the Delegated Act (DA) for the first set of ESRS after a month-long consultation. This act brings precision to sustainability reporting by detailing data points related to sustainability, drawing from regulations such as SFDR and the Benchmark Regulation. It introduces phase-in provisions, affording companies more flexibility in disclosures and aligning with global standards.

Following a scrutiny period, the DA was finally adopted by the European Institutions on October 21, 2023.

EUROPEAN COMMISSION PROPOSES STREAMLINING REPORTING REQUIREMENTS

On October 17, the European Commission unveiled a series of proposals aimed at simplifying and optimizing reporting requirements, including most notably the following:

- **Accounting Directive thresholds**: This proposal addresses the size criteria for micro, small, and medium-sized enterprises in the Accounts of Non-IFRS Reporting Entities (referred to in the CSRD), adapting thresholds due to inflation, striking a balance between compliance and business capacity, and aligning with the 25% reporting reduction target.

- **Sector-specific ESRS**: This proposal extends the deadline for adopting sector-specific European Sustainability Reporting Standards (ESRSs) and ESRSs for non-EU companies, shifting the implementation timeframe to June 30, 2024. While this does not represent a reduction per se, it allows companies more leeway so they can focus on the implementation of Set 1 ESRSs while also adopting EFRAG's guidance on Set 2.

- **Q&A Platform**: Recognizing the importance of stakeholder engagement, EFRAG is set to launch a Q&A platform. This platform will serve as a means to facilitate meaningful dialogue with various stakeholders, ensuring they are well-equipped to implement and understand ESRSs effectively.

- **Focus on SME Standards**: EFRAG is actively progressing toward the development of distinct reporting requirements for smaller businesses while upholding the essential policy objectives.

- **Continued Work on Sector-Specific Standards**: In addition to their efforts on sector-agnostic standards, EFRAG remains dedicated to developing sector-specific ESRSs. These standards will cater to the unique reporting requirements of specific industry sectors.

CONCLUSION

In essence, sustainability reporting stands as a cornerstone of the EU’s commitment to fostering responsible corporate behavior. Anchored by the CSRD and the pivotal ESRS, this journey is guided by EFRAG’s expertise in bridging stakeholders and shaping standards. ESRS Set 1 comprehensively addresses sustainability topics, with banks embracing transformative changes, aligning with sustainability goals, and fostering responsible banking practices while adhering to the EU’s financial reporting requirements.

Finally, EFRAG’s continued guidance efforts reflect an adaptable approach, ensuring that the EU remains at the forefront of global sustainability endeavors.

Andrea Lungu

is WSBI-ESBG advisor with expertise on financial reporting, sustainability, and taxation.
CONSUMER CREDIT DIRECTIVE

Fast-Forward Consumer Credit Directive: A Leap Forward in European Consumer Protection

By Marta Kajda

The adoption of the consumer credit directive in October 2025 represents a significant and much-needed step forward in consumer protection. To move to repeal the directive 2008/46/EC on Credit Agreements for Consumers (CCD) by 2025, prompted by various factors, including the rapidly growing digitalisation, the need for better harmonisation, and concerns regarding protection of vulnerable consumers from over-indebtedness.

As a background, the current directive on consumer credit agreements was adopted in 2008. The CCD covers consumer credit agreements (loans granted for purchases of goods and services) between 200-750 euro. In addition, it lays down rules on standard information to be included in advertising. The CCD imposes an obligation on traders to provide consumers with pre-contractual information, enabling them to compare different offers in order to make informed decisions on whether to conclude a credit agreement. Also, it grants consumers a 14-day window to withdraw from the contract without providing any reason.

So, what are the key changes in the newly enacted directive?

The adopted directive ensures that credit information, such as the total cost of credit, is presented clearly and is adapted to digital devices. Also, it establishes stricter advertising rules to reduce abusive credit to over-indebted consumers and creates effective measures against overcharge. The legislative text requires lenders to assess whether consumers can repay their credits, so that they are protected from over-indebtedness. This means that a negative assessment precludes the conclusion of a consumption credit. Also, it enlarges the scope of the directive to encompass loans below €200, loans offered through crowdfunding platforms and buy-now-pay-later products. In addition to the 14-day withdrawal period, cancer survivors will have the right to be forgotten.

What is ESG’s stance on the approved text?

Overall, ESGB welcomes the amendments safeguarding consumer welfare. We are pleased that the new credit providers, namely crowdfunding service providers, fall under the regulatory framework to ensure uniform oversight of lending activities. However, we advocated making the 200 euro threshold for the lower limit of the scope, given the disproportionately high processing costs associated with amounts below this level. Furthermore, the assessment of creditworthiness, we asserted that it should be proportionate to the specific type of credit. Furthermore, we are not fully satisfied with the criteria for creditworthiness evaluation. This is the reason why we state that the criteria should not be uniform across all credit types, such as short-term overdrafts or substantial loans.

In the recent Lessor ruling (judgment of 11 September 2019, C-385/18), the Court of Justice of the European Union ruled that in case of early repayment of a loan, financial institutions are obliged to reimburse fees imposed on consumers by third parties, if these fees have been charged by the creditor. We find it unfair that banks have to bear the risk, particularly the costs they do not benefit from as intermediaries. However, we welcome that the new CCD provides for that fees and taxes applied by and directly paid to a third party and which are not dependent on the duration of the credit agreement should not be taken into consideration when calculating the reduction.

As we did not endorse the implementation of APR-caps, ESGB is pleased with the ultimate outcome. Furthermore, we are satisfied with the measures in place to safeguard consumers against unfair commercial practices, including usury. In addition, creditors will be required to provide consumer debt advisory services to assist individuals in repaying their credit obligations.

CONCLUSION

The adoption of the consumer credit directive in the European Union represents a positive and necessary step toward improving consumer protection who are seeking credit, harmonising standards, and adapting to the digital era. The changes are needed and are relevant in a modern, digitally connected world where consumers rely on various platforms and services to access credit

It also aligns with a broader strategy aimed at enhancing consumer rights and ensuring that European consumers can access credit in a safe and consistent manner.

The focus on harmonisation is essential in the European Union, where diverse legal systems and practices can sometimes lead to disparities in consumer protection. By unifying the standards and regulations across member states, this directive will create a more consistent and secure environment for consumers throughout the EU. Nevertheless, we hold the view that there should be some flexibility retained at the national level. This would enable retail and savings banks to tailor their products to the diverse consumer groups found in different regions.

The proposal’s alignment with the European Commissioner’s new consumer agenda is a commendable approach. It demonstrates a commitment to updating and enhancing the broader strategic framework for EU consumer policy.

Marta Kajda is WSBI-ESBG advisor with an expertise on consumer policy.

During one of the recent MCN meetings, CaixaBank reported its social and financial initiatives aimed at increasing CaixaBank’s sustainability efforts. Would you share with us some examples around it?

During that really interesting meeting focusing on sustainable finance, we had the chance to get insights—among other speakers—from Mrs. Nuria Calvo who works at the Sustainable Banking Department of CaixaBank. She explained several initiatives taken by the bank, notably how CaixaBank is enabling easier access to credit. We are the European leader in providing low-interest loans to customers who need to make significant decisions. We are the European leader in providing low-interest loans to customers who need to make significant decisions.

As an expert in digital marketing, could you please briefly explain the added value of a good communications strategy in the banking field to comply with ESG standards?

Jordi Guas is the Research & Marketing Innovation Director at CaixaBank, and the Chair of the WSB-ESB Marketing and Communications Network (MCN). He is a seasoned expert in digital marketing and an expert in driving business innovation and facilitating transformation.

Why banks nowadays should invest in ESG and play an active role in the “sustainability race”?

This is a must. We truly believe that the “raison d’être” of any company in the banking sector should be beyond making money. For example, at CaixaBank, our brand purpose is to stand by people for everything that matters. This is much more than banking, and sustainability impacts and matters to everybody. Therefore, we focus on the social value of banking, with a 360 degrees view. It’s about promoting the sustainable transition of companies and society along with financial inclusion and fostering a responsible culture. We understand that banking should play a wider role in alleviating social challenges.

Could you elaborate a bit more on the work on the Marketing and Communications Network “sustainability race”?

Let me make a quick introduction of what the MCN is. The MCN is a forum where the WSBI-ESG members can exchange experiences, know-how and best practices in the field of marketing and communications. We understand Marketing and Communications under a wide definition. In terms of marketing, it includes strategic marketing, commercial innovation, CRM, channels, segmentation, etc.

And in terms of communication, business strategic communications, branding strategies, CSItare the areas on which we elaborate. We meet 3 or 4 times per year to discuss around one particular topic, with members presenting real cases and with the contribution of external experts on the subject. During the meetings, we also take the opportunity to exchange views on current affairs. The topic is chosen according to the proposals of the members.

How can banks and communication experts collaborate to educate both customers and the business on ESG values?

From my perspective, the best way is to incorporate ESG values into all communication strategies. It means that any campaign, any communication support, any product or service development should be designed according to ESG principles. If we do that, we will always be promoting ESG values. At the end, it means, helping to make ESG business-as-usual.

WSBI-ESBG members are savings banks that deeply care about their local impacts. Why does marketing play an important role in promoting financial sustainability and becomes more conscious of the “sustainability race”?

That’s right. Most of our members play a key role in their domestic markets. We are a global network but with a local, personal touch. This provides a unique opportunity to see the full picture but with a local view in terms of the priorities of consumers, what they need and what they think.

For this, marketing is key. Marketing should track global trends but also the local ones. Marketing departments have more knowledge about the clients and consumers in general. Each marketing department should analyse the key insights and translate them into consistent messages that can easily be understood by customers.

As an expert in promoting financial sustainability, you think that the European banking sector, the European Commission, and the WSBI-ESG members could do to encourage banks in the European Union to take a more sustainable approach?

We find it unfair that banks have to bear the risk, particularly the costs they do not benefit from as intermediaries. However, we welcome that the new CCD provides for that fees and taxes applied by and directly paid to a third party and which are not dependent on the duration of the credit agreement should not be taken into consideration when calculating the reduction.

As we did not endorse the implementation of APR-caps, ESGB is pleased with the ultimate outcome. We are satisfied with the measures in place to safeguard consumers against unfair commercial practices, including usury. In addition, creditors will be required to provide consumer debt advisory services to assist individuals in repaying their credit obligations.

CONCLUSION

The adoption of the consumer credit directive in the European Union represents a positive and necessary step toward improving consumer protection who are seeking credit, harmonising standards, and adapting to the digital era. The changes are needed and are relevant in a modern, digitally connected world where consumers rely on various platforms and services to access credit.

It also aligns with a broader strategy aimed at enhancing consumer rights and ensuring that European consumers can access credit in a safe and consistent manner.

The focus on harmonisation is essential in the European Union, where diverse legal systems and practices can sometimes lead to disparities in consumer protection. By unifying the standards and regulations across member states, this directive will create a more consistent and secure environment for consumers throughout the EU. Nevertheless, we hold the view that there should be some flexibility retained at the national level. This would enable retail and savings banks to tailor their products to the diverse consumer groups found in different regions.

The proposal’s alignment with the European Commissioner’s new consumer agenda is a commendable approach. It demonstrates a commitment to updating and enhancing the broader strategic framework for EU consumer policy.

Marta Kajda is WSBI-ESBG advisor with an expertise on consumer policy.

During one of the recent MCN meetings, CaixaBank reported its social and financial initiatives aimed at increasing CaixaBank’s sustainability efforts. Would you share with us some examples around it?

During that really interesting meeting focusing on sustainable finance, we had the chance to get insights—among other speakers—from Mrs. Nuria Calvo who works at the Sustainable Banking Department of CaixaBank. She explained several initiatives taken by the bank, notably how CaixaBank is enabling easier access to credit. We are the European leader in providing low-interest loans to customers who need to make significant decisions.

As an expert in digital marketing, could you please briefly explain the added value of a good communications strategy in the banking field to comply with ESG standards?

Jordi Guas is the Research & Marketing Innovation Director at CaixaBank, and the Chair of the WSB-ESB Marketing and Communications Network (MCN). He is a seasoned expert in digital marketing and an expert in driving business innovation and facilitating transformation.

Why banks nowadays should invest in ESG and play an active role in the “sustainability race”?

This is a must. We truly believe that the “raison d’être” of any company in the banking sector should be beyond making money. For example, at CaixaBank, our brand purpose is to stand by people for everything that matters. This is much more than banking, and sustainability impacts and matters to everybody. Therefore, we focus on the social value of banking, with a 360 degrees view. It’s about promoting the sustainable transition of companies and society along with financial inclusion and fostering a responsible culture. We understand that banking should play a wider role in alleviating social challenges.

Could you elaborate a bit more on the work on the Marketing and Communications Network “sustainability race”?

Let me make a quick introduction of what the MCN is. The MCN is a forum where the WSBI-ESG members can exchange experiences, know-how and best practices in the field of marketing and communications. We understand Marketing and Communications under a wide definition. In terms of marketing, it includes strategic marketing, commercial innovation, CRM, channels, segmentation, etc.

And in terms of communication, business strategic communications, branding strategies, CSItare the areas on which we elaborate. We meet 3 or 4 times per year to discuss around one particular topic, with members presenting real cases and with the contribution of external experts on the subject. During the meetings, we also take the opportunity to exchange views on current affairs. The topic is chosen according to the proposals of the members.

How can banks and communication experts collaborate to educate both customers and the business on ESG values?

From my perspective, the best way is to incorporate ESG values into all communication strategies. It means that any campaign, any communication support, any product or service development should be designed according to ESG principles. If we do that, we will always be promoting ESG values. At the end, it means, helping to make ESG business-as-usual.
The journey concluded at the Shenzhen branch of the Postal Group, one of China's largest financial conglomerates and among the largest shareholders of HSBC. Ping'an Bank demonstrated its multifaceted strategies by organizing an in-depth exploration of each day's proceedings, revealing the intricate web of exploration and discovery that characterized this grand finale.

**DAY 1**

**Navigating the Landscape of CBDCs at BIS - Hong Kong Innovation Hub and how BEA is embracing fintech**

The inaugural day of the event series unfolded with a visit to the Hong Kong Innovation Hub of the Bank for International Settlements (BIS). Welcoming the WSBI-ESBG delegation, Ms. Bénédicte Nolens, Centre Head, and her colleagues presented groundbreaking projects related to Central Bank Digital Currencies (CBDCs). The BIS highlighted that interest in CBDCs has grown in response to changes in payments, finance, and technology, as well as the disruption caused by COVID-19. A 2021 BIS survey of central banks found that 86% are actively researching the potential for CBDCs, 60% were experimenting with the technology, and 14% were deploying pilot projects.

Central banks are exploring what CBDC could help them achieve public good objectives, such as safeguarding public trust in money, maintaining price stability, and ensuring safe and resilient payment systems and infrastructure. Successful implementation of CBDCs could ensure that, as economies go digital, the general public would retain access to the safest form of money—a claim on a central bank. This could promote diversity in payment options, make cross-border payments faster and cheaper, increase financial inclusion, and possibly facilitate fiscal transfers in times of economic crisis.

The BIS Innovation Hub (BISIH) contributes to this area through applied technology research, proofs of concept (PoCs), and prototypes with central banks worldwide. Some of these developments were presented to the WSBI-ESBG delegation, showcasing advancements in digital currencies at both wholesale and retail levels. Notably, some projects surpassed the progress of the ECB with its digital euro project, highlighting the varied landscapes in which these innovations are taking shape.

The afternoon session took the WSBI-ESBG delegation to the Bank of East Asia (BEA), Hong Kong member of WSBI, where Mr. Lui Chi-Kwong, Co-Chief Executive Officer, extended a warm welcome via video message. Mr. Stephen Leung, Head of Information Technology and Fintech Development Department, presented BEAST, BEA's fintech initiative fostering collaboration with startups and industry partners. BEAST more than a physical working space, serves as a platform for inspiration, driving innovation and collaboration. Various partners joined BEAST for the three panel sessions, covering topics such as metallic convergence, digital asset and compliance initiatives, and the latest fintech developments in Hong Kong. The day concluded with a networking cocktail hosted by BEA, fostering lively discussions and exchanges among participants.

**DATA**

**Exploring the Tech Hub of Shenzhen, China**

The second day transported the WSBI delegation to Shenzhen, often heralded as the Chinese Silicon Valley. The first stop was Tencent, where executives, including Frankfurter Bankgesellschaft AG, representing Switzerland, and Shenzhen. In particular the developments carried out on CBDCs, AI and various digital solutions with financial inclusion in mind were very enlightening. We were also able to learn more about regulatory frameworks with Europe. Many thanks to the BIS innovation Hub, BEAST, Tencent, Pingan bank, and the Postal Savings Bank of China for their warm welcome and the brilliant presentations prepared for us.

The 2023 WSBI Innovation Forum was also the occasion for a fascinating debate with my co-panelists on the changes in the relationship between financial institutions, their customers and third parties that Open Finance brings. The participation in the Hong Kong Fintech Week was the best conclusion to this immersion in Asia's digital developments.
Navigating the Future of Banking Resolution: Insights from Dominique Laboureix

The SRB conducted a strategic review in March 2023, transitioning into a new era focusing on operationalization and resolution planning.

Could you share some insights into the key elements of this new strategy and how it addresses the evolving needs of the financial industry and regulators?

The current review focuses on several key areas.

1. **Operationalization and Resolution Planning**
   - The SRB will continue its work on operationalizing the solution for banks to demonstrate that they have met our expectations for resolvability. This includes ensuring that banks are prepared to support the sale of a bank in the event of failure.
   - The SRB will also look at ensuring that the resolution strategy is more effective in terms of liquidity and funding needs.

2. **Regulatory Framework**
   - The SRB will work closely with the European Commission to ensure that the regulatory framework is fit for purpose.
   - This includes reviewing the current liquidity framework and making it more robust and flexible.

3. **Collaboration with Industry**
   - The SRB will continue to engage with the banking industry, ensuring that the strategies developed are practical and feasible.
   - The SRB will also work closely with other regulatory bodies to ensure a consistent approach.

4. **Public Confidence**
   - The SRB recognizes the importance of maintaining public confidence in the banking sector.
   - This includes ensuring that the resolution strategy is transparent and that banks are held accountable for their actions.

5. **Technological Advancements**
   - The SRB will consider how technological advancements can be used to improve the resolution process, such as using digital tools for reporting.

6. **Legal and Regulatory Consequences**
   - The SRB will ensure that the legal and regulatory consequences of failure are clearly understood by banks.
   - This includes providing clear guidance on the process and outcomes of resolution.

Looking ahead, what is the SRB's view on the role of technology in the banking industry and how will this impact the resolution process?

The SRB is committed to leveraging technology to improve the resolution process. Technology can be used to enhance transparency, reduce costs, and improve the efficiency of the resolution process. However, it is important to ensure that the use of technology does not compromise the integrity of the resolution process or the confidence of stakeholders.

What role do you see for the SRB in the evolving regulatory landscape, particularly in relation to sustainable finance?

The SRB recognizes the importance of sustainability in the banking industry and is committed to incorporating sustainability principles into its resolution framework. This includes ensuring that banks are held accountable for their environmental impact and supporting the transition to a more sustainable economy.

As the SRB moves towards a new strategy, how do you see the role of policy coordination evolving?

Policy coordination is crucial for the effective resolution of banks. The SRB will continue to work closely with other regulatory bodies to ensure a coordinated approach to resolution. This includes sharing information and best practices to ensure consistency and effectiveness.

In your view, what are the key challenges that the banking industry will face in the coming years, and how will the SRB address these challenges?

The banking industry faces several key challenges, including the need to improve resolvability, the impact of technological change, and the need to address climate risk.

- **Resolvability**: The SRB will continue to focus on improving resolvability, ensuring that banks are able to be resolved in a timely and orderly manner.
- **Technological Change**: The SRB will work closely with the industry to ensure that technological advancements are used to improve the resolution process.
- **Climate Risk**: The SRB will continue to work with the industry to ensure that climate risk is fully incorporated into the resolution framework.

The SRB is committed to working closely with the banking industry and other stakeholders to ensure a successful transition to a new strategy.
Latin American banks reaffirm their commitment to financial education and inclusion

By Leticia Lozano

The Latin America and Caribbean Regional Group of the World Savings Banks and Retail Banking Institute (WSBI) issued a statement on 17 November reiterating its commitment to financial education and inclusion as an indispensable element to eradicate poverty and achieve the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda.

We must improve the financial inclusion of our clients through financial education aimed at developing effective decision-making skills that leverage improvements in people’s life quality and well-being,” said Diego Prieto Rivera, WSBI regional president and President of Banco Caja Social (Colombia).

Mr. Faustino Lainez Mejia, Chairman of the Board of Banco Atlántida noted the following: “It has been of great underscored by the experts. Effectively engaging and educating young people were furthermore, the challenges and necessary actions for populations and economic challenges. Initiatives and the developed countries are tackling their aging while developed countries are focusing on basic financial education because of their low incomes, while developed countries are tackling their aging populations and economic challenges. Initiatives and the OECD framework aims to bridge these global differences.

They emphasized the significance of fostering enthusiasm and commitment to financial education among young individuals. The discussion also revolved around the creation of financial programs that appeal to young people, with a strong emphasis on using engaging communication strategies in financial education. However, it remains a pressing concern that most of the educational institutions are still not incorporating financial education into their curricula.

The rapid digitalization of financial services emerged as a pivotal concern, underscoring the importance of equipping the youth with the skills to navigate this evolving landscape. The event recognized the potential of new technologies to both enhance and complicate financial education. While digital technologies offer vast opportunities for engagement, they also expose young people to specific risks.

Finally, the multi-faceted nature of this issue required a concerted effort from a range of stakeholders, including educational institutions, financial organizations, and policymakers. The experts shared their experiences and practical insights, providing tangible advice for those seeking to advance their initiatives in this domain.