



BANCA D'ITALIA
EUROSISTEMA



NUMBER 20
JULY 2023

Contents

Highlights (1st Semester 2023)	1
EU-funded project with Western Balkans	2
Webinars	3
Catalogue 2023/24	5
General Information	6

INTERNATIONAL TECHNICAL COOPERATION NEWSLETTER



2023 (1st Semester)

Highlights

During the first half of 2023, Banca d'Italia carried out 31 technical cooperation activities in the form of 4 webinars, 9 videoconferences, 9 written consultations, 5 study visits, 4 missions. Some 374 representatives from 47 central banks, supervisory authorities and other organizations took part in these events.

Banca d'Italia continues to actively contribute to the EU-funded programme for strengthening the capacities of central banks in the Western Balkans.

This newsletter is a twice-yearly publication informing on international technical cooperation at Banca d'Italia.

You can find previous editions of the Newsletter [here](#).

For further details on our international technical cooperation activities, please visit our [webpage](#).

Contact us:

(+39) 06-47921

mail to:

bdi.cooperation

Website:

www.bancaditalia.it

Via Nazionale, 91
00184, ROMA

EU-funded Programme for Strengthening the Central Bank Capacities in the Western Balkans with a view to the integration to the European System of Central Banks. Phase II

Within the framework of the EU-funded programme devoted to the Western Balkans ([see Newsletter special edition](#)), Banca d'Italia organized two training events in Rome, contributed to another training event held in Vilnius and has started the implementation of a bilateral measure with the Central Bank of the Republic of Kosovo.

The first of the two training events in Rome was held on 22-24 February, with a focus on payment systems oversight, cyber resilience and innovation. Speakers from Banca d'Italia gave presentations which were complemented by the contributions of colleagues from the central banks of Hungary, Luxembourg and Slovenia, who shared their national experiences.

In the second training event, held in Rome on 29-31 March and devoted to monetary policy implementation, Banca d'Italia speakers were joined by colleagues from the European Central Bank and Magyar Nemzeti Bank, who illustrated the viewpoints of a supranational entity and of another European NCB, respectively. The active participation of all 18 experts representing the six Western Balkans countries (three from each country) was a key element in

the success of both training events.

A bilateral measure with the Central Bank of the Republic of Kosovo focusing on cash operations was also launched. After an online preparatory meeting and the signing of the action plan, Banca d'Italia hosted two Kosovar experts on a study visit in Rome. The two experts were able to attend a demonstration of Banca d'Italia's cash handling function, in the course of a visit to the Rome Centro Donato Menichella Branch and to the National Analysis Centre.

Finally, experts from Banca d'Italia's Internal Audit Directorate took part in a training event organized by Lietuvos Bankas in Vilnius on 9-11 May, where they shared with the other participants the approach of Banca d'Italia to internal auditing, including its advisory function.

In the second half of the year, Banca d'Italia will run a training event on green finance and will cooperate in a training event hosted by Oesterreichische Nationalbank in Vienna.

Furthermore, a Banca d'Italia mission to Pristina is scheduled to take place in the autumn in connection with the bilateral measure with the Central Bank of the Republic of Kosovo.



Webinars 2023

International relations from a central bank perspective

16-18 January 2023

Participants 65

'There was a time, not too long ago, when central banking was considered to be a rather boring and unexciting occupation', said Mario Draghi ten years ago. Central bankers have since understood how they need multidisciplinary expertise spanning well beyond the subjects that are typically taught in an economics department. They learnt this lesson the hard way, in fact, as they are now facing epidemics, cybersecurity alerts and climate change, to name the most obvious of the current issues. Furthermore, as financial systems have become increasingly interlinked, they now need to be regarded as

a global entity facing challenges that evolve in extent and nature, require strict cooperation and the sharing of information across national borders, in a discussion that often involves many countries.

Over the course of three days, the webinar on international relations from a central bank perspective examined how central banks have become increasingly engaged in the international arena, often facing unforeseeable financial and economic events: while navigating through uncharted waters, central banks have improved their understanding and use of forums for international relations, dialogue and coordination. The international environment and its interconnections have proven to be crucial factors that central banks need to consider. With reference to the global economy, the experts from Banca d'Italia emphasized that central banks really do need to be selective and shine the spotlight on the

themes and events that are most relevant to their domestic economies, as well as to international economic and financial trends.

[Read more on page 7]

Crypto-assets' ecosystems in the international landscape

23-24 March

Participants 61

The speakers from Banca d'Italia illustrated the work undertaken in Europe and internationally to build a regulatory, supervisory and oversight framework for crypto-asset ecosystems, with a variety of subjects involved in each of the stages of this chain of activities. The efforts of the au-

thorities involved are being focused on identifying the more versatile technological components of the financial landscape that might otherwise escape their control. The

authorities are working to create synergies between the regulation, supervision and oversight functions in the belief that regulation can support innovation, while aiming to contain risks to the financial system.

Given that many jurisdictions have decided not to ban crypto-assets, a common effort is being made that extends to countries where the Fintech world is more developed and also to the ones that have adopted crypto-assets as legal tender. This commitment to implementing effective novel regulatory profiles is still in progress, however.

[Read more on page 7]



Webinars 2023

Sustainable finance. ESG and supervision of banks and other financial intermediaries

18-19-20 April

Participants 48

Achieving a sustainable economic growth – which is at the centre of the current international political debate – implies meeting the needs of both current and future generations and operating in line with environmental, social and governance factors (known as ESG factors). In this transition toward a greener economy, the financial sector is expected to play a key role. In this regard, particular attention has been given to climate-related and environmental risks (C&E), which are key drivers that could materially impact traditional financial risks, such as credit, market, operational and liquidity risks.

With this in mind, the three-day webinar aimed to provide a comprehensive overview of sustainable finance, with a specific focus on the activities Banca d'Italia carries out in the area of ESG.

On the first day, the main European and national regulatory developments and macroprudential climate scenario analyses were illustrated; the second and third days were instead focused on microprudential supervision, describing the initiatives conducted on Less Significant Institutions (LSIs) and Non-Bank Financial Institutions (NBIs). As for the regulatory framework, the 2018 'EU Action Plan on Sustainable Finance' represents a key turning point in strengthening the role of the financial sector in achieving a sustainable economy.

[Read more on page 8]

Audit activities in a central bank: new challenges and perspectives

(23-25 May 2023)

Participants 65

After a long period characterized by uncertainties about the future, the Internal Audit Direc-

torate of Banca d'Italia organized a web seminar to share experiences and discuss insights about the role of a central bank's internal audit function beyond the COVID-19 outbreak, with a special focus on new challenges, perspectives and threats.

The frame of reference for these considerations continues to be complex, as the state of crisis no longer appears a contingent situation but, rather, seems to have become the 'new normal'. No longer a matter for speculation among economic theorists, it has now come to be the toughest and most concrete test for institutions and organizations of all kinds. Against this backdrop, the picture of the kinds

of risk faced by each business, each organization, each country or community has become gradually more articulated and complex. To the traditional risks that have been confirmed, for quite some time now, to be at the top of the rankings expressed by the Chief Audit Executives (cyber

and data security, digital transition, climate change and environmental sustainability) other, increasingly significant, risks have been added, the most conspicuous being geopolitical and third-party risks, (the availability of) natural resources and cost-of-living crises.

Given these premises, it is clear that the different types of risk can no longer be measured and managed with traditional tools, but require an innovative, organic and increasingly integrated approach to determine how best to direct the energies to be invested in the different areas. On the other hand, risks, no matter how unlikely or unpredictable, can always be seen as opportunities, which entails that internal auditors should work on the knowledge and skills they already have, adding a few new tools to their toolbox so as to be able to play the role of 'strategic business advisor'.

[Read more on page 8]



2023/24

Seminars Catalogue

2023

- [International relations from a central bank perspective - 16,17 and 18 January \(webinar\)](#)
- [Crypto-asset ecosystems in the international landscape - 23 and 24 March \(webinar\)](#)
- [Sustainable finance/ESG and supervision of banks and other financial intermediaries - 18, 19 and 20 April \(webinar\)](#)
- [Audit activities in a central bank: new challenges and perspectives - 23, 24 and 25 April \(webinar\)](#)
- [Public procurement management at Banca d'Italia - 27 and 28 September \(webinar\)](#)
- [Banknote production at Banca d'Italia. Quality, environment, safety and security in the printing process - 25 and 26 October \(seminar\)](#)

2024

- [Technological progress and institutional adaptations: the case of the central bank digital currency \(CBDC\) - 16 January \(webinar\)](#)
- [Setting up, running, and transforming a communications department: a practical approach - 21-22 and 23 February \(seminar\)](#)
- [The provision of payment services to the Government - 26 and 27 March \(webinar\)](#)
- [Financial Education for Adults - 6 June \(webinar\)](#)
- [The Italian Central Credit Register managed by Banca d'Italia - October \(webinar\)](#)
- [The role of Central Banks' branch networks in times of change: the experience of Banca d'Italia - 21 November \(webinar\)](#)

General Information on the events

Banca d'Italia's international technical cooperation activities are organized by the

*Global Governance and Economic Diplomacy Division
International Relations and Economics Directorate
Directorate General for Economics, Statistics and Research*



Participation in the seminars and webinars is by invitation. Requests from institutions other than from the regular beneficiaries are considered on a case-by-case basis.

We usually accept only one representative from each institution at the seminars; two for the webinars. We try to accommodate more participants when we can.

The events usually last from two to three days.

They are as interactive as possible. Occasionally, selected participants are invited to deliver short presentations in order to stimulate discussion and debate.

The working language is English. Participation is free of charge.



Banca d'Italia's conference centre 'Carlo Azeglio Ciampi'

Webinars (...continued)

(International relations from a central bank perspective, continued from page 3)

They have to monitor the developments in the global economy through various approaches, from both a country/regional perspective and from a topic-oriented one (e.g. trade or financial markets), leveraging their network of financial attaches and representatives abroad. The discussion of the role of central banks in international forums and institutions showed that central banks interact extensively on a bilateral and multilateral basis, and this is true even when they are not part of a monetary union.

As far as Banca d'Italia is concerned, for instance, its experts are in constant contact with their peers in international partner institutions, like the World Bank and the ECB, or the G20, a key forum for international economic cooperation.

In the international arena, central banks also perform a sort of external services function, which was the subject of the last day of the webinar. Within this function are included technical cooperation activities and the work carried out by a central bank's network of experts abroad. Technical know-how and economic diplomacy combine in the sharing of expertise and best practices with other central banks and national institutions operating abroad, thereby contributing to capacity building and human capital development.

So, are international interactions both a necessary and a fruitful component of the work of central banks? In short, they certainly are. For everyone who took part in these lively debates, these international exchanges have also sown the seeds of future dialogue and networking, which, in turn, may serve as a catalyst for other actions and initiatives with a broader scope, such as signing inter-

national agreements, defining common standards and practices, protecting monetary and financial stability, and responding to crises. If we all continue working towards this objective, then we can feel safe in the knowledge that virtue and engagement will spring from the same source.

(Crypto-assets' ecosystems in the international landscape, continued from page 3)

More specifically, at the 'macro level', Standard-Setting Bodies (SSBs) are currently working to establish comprehensive frameworks for the

regulation, supervision and oversight of crypto-assets. Within the European Union, the entry into force of the Markets in Crypto Assets Regulation (MiCAR) will mark a crucial step, leading to a harmonized regulatory framework for crypto-asset markets in the EU.

Banca d'Italia has embraced a proactive stance, not only by contributing to the workstreams of SSBs and to MiCAR negotiation, but also by publishing the 'Communication by Banca d'Italia on Decentralized Technology in Finance and Crypto-assets', and promoting public-private partnerships.

At the 'micro level', we need to ensure user protection by establishing conduct and transparency rules. In this respect, two other crucial aspects are the anti-money laundering (AML) regulatory approach at international, European and national levels and the fiscal treatment of crypto-assets. The oversight framework for digital payment tokens and arrangements, along with the application of the Principles of Financial Market Infrastructures (PFMI) and prudential standards are also equally challenging issues to be addressed.

All of these aspects were discussed in constructive interaction with the participants in the course.



Webinars (...continued)

(Sustainable finance. ESG and supervision of banks and other financial intermediaries, continued from page 4)

In light of the subsequent revision of the European banking rules from an ESG perspective, there was specific focus on the variety of regulatory initiatives regarding ESG disclosure and the corresponding commitment of Banca d'Italia. With regard to recent developments in macroprudential supervision, climate stress testing and analyses of risk transmission channels were presented as constituting key tools.

On the other hand, as far as microprudential supervision is concerned, the speakers discussed the supervisory expectations on climate-related and environmental risks (published by Banca d'Italia in April 2022), a document that provides general and non-binding guidelines about the integration of C&E risks into the governance, business strategy, organization and processes, risk management framework and disclosure of directly supervised entities. A specific focus was dedicated to the two ESG thematic reviews launched by Banca d'Italia after the publication of its supervisory expectations. Each of the thematic reviews, addressing a sample of 21 LSIs and 86 NBIs respectively, aimed to gather data for a preliminary assessment of the level of alignment of these institutions to supervisory expectations.

The results of the assessment were shared in their aggregate form as well as distinguishing for the size, business model and area of focus of the institutions reviewed.

At the end of 2022, on account of the weaknesses detected, all LSIs and NBIs were required to adopt an action plan that ensures a progressive alignment of corporate practices, procedures and tools to the expectations. These plans are intended as a starting point for setting up a constructive dialogue with all supervised entities on ESG issues.

Over time, the assessment of their compliance level with expectations will be included in the next annual SREP cycles.

(Audit activities in a central bank: new challenges and perspectives, continued from page 4)

The first day was aimed at sharing experiences on the main pillars, features and objectives of a modern internal audit unit. A representative from the Central Bank of Montenegro illustrated the organizational set-up and stakeholders of her own internal audit function, which was followed by a comprehensive debate about the topics during a panel discussion with representatives from the Banco Central do Brasil, the National Bank of Ethiopia and the National Bank of Georgia.

This discussion highlighted how hybrid work has influenced audit activities by changing such processes as risk assessment, the approach to the audit, the timing of the audit, and the team composition. The internal audit functions have had to adapt in order to assist organizations address the new risks of hybrid work; as well as seeking a new balance between assurance audits and consultancy services, they have also had to include new types of risks in their risk assessment and/or new audit objects in the audit universe.

From the discussion, it emerged that the management of human capital, diversity and talent is a priority risk area and basically pertains to an organization's ability to accommodate new expectations and needs while continuing to be productive and efficient. In carrying out their assignments, internal auditors are in constant contact with people and can strengthen their contribution by enriching their soft skills, empathy and emotional intelligence.



Webinars (...continued)

(Audit activities in a central bank: new challenges and perspectives, continued from previous page)

All participants took part in the discussion via instant polls and Q&A sessions with the panellists.

The second day focused on the adequacy of the methodologies and techniques of a modern internal audit unit and on its main processes, features and objectives. The Internal Audit Directorate at Banca d'Italia illustrated what it considers to be the strategic components needed to increase the effectiveness and accountability of the audit function and to better support the organization. These drivers include making an effective audit plan, improving accountability through a sound Quality Assurance Improvement Programme, improving off-site activities through the follow-up process, and pushing for IT innovation and tool developments.

On the last day, we tried to look ahead to how internal auditing may evolve and discuss upcoming challenges with the participants, while the Internal Audit Directorate at Banca d'Italia shared its

experiences on the profession's 'hot topics'. In this regard, the development of a 'forward-looking approach' is of great importance, since anticipating future risks helps making sure that the internal control system is capable of managing them.

Cyber security and data security represent great challenges, not only with a view to further refining law enforcement policies, but also to adequately developing knowledge in this area. The digital transition requires organizations to foster a culture of innovation and to assess that efforts deployed in companies are aligned with strategic objectives.

Climate risk and environmental sustainability represent an issue whose relevance will continue to grow in the coming years and will require concrete action. Organizations will have to promote awareness and support of environmental initiatives and equip themselves with the necessary skills and profiles to adequately fulfil this task, while also intervening in organizational and governance arrangements.





BANCA D'ITALIA
EUROSISTEMA

Directorate General for Economics, Statistics and Research

Via Nazionale, 91
00184 Roma—Italia
Tel. (+39)-0647921

Email: bdi.cooperation@bancaditalia.it

www.bancaditalia.it



[Youtube.com/bancaditalia](https://www.youtube.com/bancaditalia)



[Bancaditalia.it](https://www.bancaditalia.it)



[UfficioStampaBI](#)

This issue was edited by

Bruno Nesticò

with the contribution of Sonia Guida, Marco La Magna, Carmela Sorrenti and Chiara Torriero.

The views expressed in this Newsletter are those of the authors and do not necessarily reflect the position of Banca d'Italia.