



Contents

Highlights (2nd Semester 2022)	1
Bilateral activities	2
EU funded project with Western Balkans	2
Webinars	3
Catalogue 2023/24	5
General Information	6
The year in numbers - 2022	Annex

INTERNATIONAL TECHNICAL COOPERATION
NEWSLETTER



2022 (2nd Semester)

Highlights

During the second half of 2022, we carried out 31 technical cooperation activities in the form of 5 webinars, 8 videoconferences, 8 written consultations, 6 study visits, 2 missions and 2 steering committee meetings. Some 357 representatives from 47 central banks, supervisory authorities and other organizations took part in these events.

On 21 September, Banca d'Italia hosted the launch event for a three-year EU-funded programme aimed at supporting central banks and banking supervisory agencies in EU candidate countries and potential candidates from the Western Balkans, namely: the Bank of Albania, the Central Bank of Bosnia and Herzegovina, the Banking Agency of the Federation of Bosnia and Herzegovina, the Banking Agency of Republika Srpska, the Central Bank of the Republic of Kosovo, the Central Bank of Montenegro, the National Bank of the Republic of North Macedonia and the National Bank of Serbia (see [Press release](#) devoted to the event). The programme is the follow-up to a similar initiative that was successfully completed in January 2021 (see [International Technical Cooperation Newsletter No. 17](#)).

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](#).

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Bilateral activities in person

In the second part of the year, Banca d'Italia started organizing activities in person again after the two-year interruption due to the pandemic.

A first study visit was held on 26 June, on the occasion of a meeting with a four-member delegation from the Central Bank of Egypt on sustainable finance.

Other study visits followed with representatives from the central banks of Uzbekistan, Vietnam, Armenia and the Philippines.

A 14-member delegation from the State Bank of Vietnam, led by their Vice-Governor, met Piero Cipollone, Deputy Governor of Banca d'Italia and a number of experts from both the Bank and the Italian Financial Intelligence Unit, in order to exchange in-depth analysis of the Italian prudential supervision and anti-money laundering framework.

Two delegations from the Central Bank of Armenia visited Banca d'Italia to focus on issues relating, on one occasion, to inflation expectations, survey methodology and business intelligence, and, on a second occasion, to internal auditing.

The central banks of Uzbekistan and the Philippines visited Banca d'Italia to discuss and

exchange experiences on financial education and human resources management.

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

After the kick-off event and the first Project Steering Committee (PSC) meeting ([see Newsletter special edition](#)), the first activities of pro-programme have started. In the second PSC meeting, held on 21 December in Brussels, the Deutsche Bundesbank, as coordinator of the programme, presented the activities carried out so far and the programme for 2023. Participants from the partner and the beneficiary central banks shared their respective proposals and needs as regards the further development of the programme and as set out in the project's Document of Action. Issues relating to financial management and the communication strategy were also discussed.



Webinars 2022

Banca d'Italia's services to the public series

The webinar on the Banking and Financial Ombudsman opens a new series of initiatives focusing on the services Banca d'Italia offers to the public. In a constantly changing and increasingly challenging world, Banca d'Italia continues to focus on consumers/citizens, under Article 47 of the Italian Constitution, which states that 'The Republic encourages and safeguards savings in all forms'.

[Services for the public online](#)

Education. Financial consumer protection is a complex task that requires an integrated and diversified supervisory toolkit, including adequate regulatory frameworks, effective enforcement mechanisms (both public and private ones), as well as financial education.

[\[Read more on page 7\]](#)

Management control for supporting decision-making and performance evaluation

(25-26 January)

42 participants

Management control is a crucial issue for cen-

The Banking and Financial Ombudsman

(9 September)

42 participants

Under Banca d'Italia's consumer protection framework, the webinar illustrated the functioning and organization of the Banking and Financial Ombudsman (Arbitro Bancario Finanziario - ABF), also reporting the most important data on its activities.

In response to the growing complexity of markets and products and as an answer to past financial crises, Banca d'Italia has devoted a great deal of attention to financial consumer protection over the years, culminating in 2020 in the creation of a new Directorate General, dedicated to Customer Protection and Financial

trading banks. In the past, it mainly focused on ex-post analyses and compliance checks, while nowadays, strategic, organizational and budgeting decisions need to be supported by a forward-looking approach, in a context of fast-changing scenarios.

The webinar addressed the basic pillars on which Management control typically relies, namely planning and budgeting, cost accounting and cost-benefit analysis, and also illustrated how Banca d'Italia is enhancing and improving its methods and instruments in the fields of planning, forecasting and data management.

On day one, Banca d'Italia's Strategic Planning system was presented (strategy, governance of the process, actors involved).

[\[Read more on page 7\]](#)

Webinars 2022

Portfolio Management in a central bank

(19-20-21 October)

38 participants

The three-day webinar offered a comprehensive and detailed overview of Banca d'Italia's experience as a portfolio manager with respect to both own assets and to investment services provided to external clients. Our experts provided a description of the entire trading line, from the strategic asset allocation (SAA) and the risk framework (in which assets and liabilities are managed together), to the concrete portfolio management and settlement procedures. Every step of the process was examined, in order to explore how the relevant decisions are constantly taken in response to the evolution of financial markets. The key characteristics of each portfolio were analysed, also focusing on the main recent developments, such as the introduction of ESG criteria for equities



and for the corporate portfolio, in accordance with the [Responsible Investment Charter](#) of the Bank of Italy, published in July 2021.

[\[Read more on page 8\]](#)

Economic indicators for monetary policy

(4-6 May)

40 participants

Monetary policy has the objective of preserving price stability, and it requires central banks to make complex decisions to influence the cost and availability of money in an economy, based on a wide set of data regarding all aspects of economic activity. The webinar aimed at reviewing the main indicators in the toolbox used by policy makers for assessing economic, monetary, and financial developments and it offered an interactive opportunity for explaining their informational content,

how they are constructed, and how they should be interpreted, also considering the challenges posed by the recent pandemic-related shocks.

The first day of the webinar addressed the foundations of monetary policy analysis. Three modules, prepared by economists from the Economic Outlook and Monetary Policy Directorate, presented indicators for the short-term outlook for inflation and economic activity, and for tracking the development of financial and credit conditions, with a view to assessing the transmission of monetary policy.

[\[Read more on page 8\]](#)

Data protection

(14 December)

54 participants

In a world where the digital economy is growing in importance, data have become the new 'black gold': data play a significant role in business management, strategic business choices and therefore in

the innovation of business models. In particular, technology allows both private companies and public authorities to make use of personal data on an unprecedented scale in order to pursue their activities; at the same time, natural persons increasingly make personal information available publicly and globally. The technological developments and globalization are both posing new challenges for the protection of personal data.

In this framework, there is now a trade-off between data as a commercial resource and data as an individual asset to be protected. In the European Union (EU), unlike in other jurisdictions, this trade-off has been managed via a strong legal framework that lays down principles and rules on the protection of data, considered as an expression of fundamental individual rights and freedom.

[\[Read more on page 9\]](#)

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 May (webinar)
- [Public procurement management at Banca d'Italia](#) - 27 and 28 September (webinar or seminar, tbd)
- [Banknote production at Banca d'Italia. Quality, environment, safety and security in the printing process](#) - 25 and 26 October (webinar or seminar, tbd)

2024

- [Setting up, running, and transforming a communications department: a practical approach](#) - First quarter (seminar)
- [Technological progress and institutional adaptations: the case of the central bank digital currency \(CBDC\)](#) - January
- [The provision of payment services to the Government](#) - March (webinar)
- [Financial Education for Adults](#) - 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](#) - November (webinar)

General Information on the events

Banca d'Italia's international technical cooperation activities are organized by the
International Technical Cooperation and EU Neighbouring Economies 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)

(The Banking and Financial Ombudsman, [continued from page 3](#))

The ABF is one of the private enforcement tools developed by Banca d'Italia and it is autonomous and impartial with respect to the Bank. It is an alternative resolution scheme, established in 2009, that issues non-binding decisions on disputes concerning banking and financial transactions and services (for instance, current accounts, mortgages and consumer credit), including payment services. Decisions are made on the basis of the existing laws and regulations, and only take into account the documents filed by the parties.

In the past year, complaints concerning payment systems and services have increased significantly (+52 per cent), also as a result of the growing use of digital payments during the health emergency period, whereas disputes over salary-backed loans and postal savings certificates have decreased (by 55 and 31 per cent, respectively), partly due to the increasing complexity of the regulatory framework.

Various surveys have been carried out in the past few years concerning: (i) customer satisfaction, in order to identify and address any areas of improvement for the ABF, and (ii) the relationship between complaints filed with the ABF and civil courts proceedings on the same dispute matters; both have confirmed a high degree of effectiveness for the ABF. Information on the outcomes of the surveys is published in the [ABF's Annual Report](#).

More information on the ABF is available online at www.arbitrobancariofinanziario.it.



(Management control for supporting decision-making and performance evaluation, [continued from page 3](#))

A presentation was given on strategy design and execution phases, on the scenario analysis and on the building of action plans. Next, the connection between strategic, operational and budget planning in Banca d'Italia was tackled.

Day two focused on how Banca d'Italia runs cost management and on what is being done in order to innovate and foster cost control to support decision-making. A presentation was given on the Bank's cost accounting system. Next, an in-

house developed cost forecasting model was presented, aimed at estimating the impact of exogenous shocks and internal decisions on costs.

Then, some light was shed on the role of efficiency for Central Banks, showing how it is measured and analysed in Banca d'Italia. The last presentation of the day focused on the Bank's commitment on improving its information system for enterprise data measurement.

Day three focused on Cost Benefit Analysis (CBA), exploring how management control faces the challenges of change and innovation in Banca d'Italia. The key elements of the CBA were presented, showing how possible expected scenarios are assessed and compared with the current situation. The final presentation gave an insight into the actions the Bank is taking in order to foster innovation, while at the same time mitigating the innovation-related risks.

There were also contributions from participants from other central banks: the Central Bank of Chile representative presented their experience in strategic planning and budgeting and the Czech National Bank representative illustrated their cost accounting system.

Webinars (...continued)

(Portfolio Management in a central bank, continued from page 4)

The vast range of portfolio management services provided by Banca d'Italia to institutional clients was explored in depth. Thanks to its investment experience, both under standardized and customized investment mandates, the Bank provides stewardship in all phases, based on the specific needs of the client, from the definition of the risk framework and the investment approach to asset allocation and portfolio construction.

The current issues in financial markets were also discussed in a dedicated interactive panel with the participation of the central banks of Argentina, Bosnia and Herzegovina, Brazil and North Macedonia. Inflation, high volatility and lower liquidity are currently the main challenges. Despite this complicated environment, reserves managers continue to prefer fixed income allocation (approximately 80 per cent of total AUM) and the

role of the USD has not been discussed so far (with an allocation of around two-thirds of FX-reserves on average). In terms of investment style, some participants see space for a potential return to active management in order to protect their portfolios in a

rising yield environment. Finally, sustainability has become a significant theme for defining the investment strategy. In some cases, this has become so important as to be effectively considered as a new pillar for reserve management, besides the typical paradigm of safety, liquidity and return.

The participants were very interactive, asking a number of very stimulating questions on each topic.



(Economic indicators for monetary policy, continued from page 4)

A short module on competitiveness and real effective exchange rate indicators, prepared by an economist from the Statistical Analysis Directorate, added an 'open macroeconomics' perspective. A further enrichment to the first day came from a presentation by the representative of the Central Bank of Romania about some important data issues involved in projecting the output gap.

The second day was devoted to other important and complementary topics, beginning with labour market developments, wages and employment dynamics, key variables that can influence how prices change over time. The second part of the day addressed methodological issues relating to forecasting and time-series analysis. In particular, the first modules on nowcasting relevant items in the financial account of the balance of payments offered participants an updated overview of techniques for producing timely estimates of cross-border monetary and financial flows.

Second, the representative from the Central Bank of Chile contributed to the discussion by focusing on some issues relating to high frequency analysis of economic and financial data. Finally, a third module presented the survey on inflation and growth expectations, sharing with all participants Banca d'Italia's longstanding experience in survey development and administration.

In addition to the wide scope of the topics presented, the webinar offered participants a good opportunity to share experiences and knowledge. The high number of questions raised by the audience through the web platform indicated a great interest in the themes presented and in the possibility of gaining useful insights and suggestions from the international network of experts from different central banks.

Webinars (...continued)

(Data protection, [continued from page 4](#))

EU Regulation 2016/679, which entered into force in 2018 and is known as the General Data Protection Regulation (GDPR), is the strongest privacy law in the world. It sets detailed rules on when and how operations on personal data are admissible. On the one hand, it imposes several obligations on the operators that process personal data, and it introduces very high penalties in the event of infringement (for some violations, penalties can amount to €20 million); on the other hand, it allows individuals to exercise their rights to protect their freedom and dignity.

The GDPR is enforced in EU Member States and it applies to all companies operating in the EU, wherever they are based. Additionally, it prescribes strict constraints in the event of data transfers outside of the EU. Thanks to these features, it can be considered to be a piece of 'global legislation'.

For this reason, its principles and rules should be spread and publicized throughout all countries, also through international cooperation initiatives and seminars aimed at sharing experiences and best practices. During the online webinar on data protection, experts from Banca d'Italia, who have been working on this topic since the entry into force of the GDPR, shared their experience on

how the institution has complied with the relevant legislation, exchanging experiences with central bank professionals from different parts of the world.

The webinar, divided into two parts, aimed at providing an overview of the managing and monitoring of personal data in Banca d'Italia, combining regulatory and technical items. In the first part, a summary of the activities carried out by the Bank to be compliant with the GDPR was provided: the designation of the Data Protection Officer, the maintaining of a record of processing activities, the notification of personal data breaches, and the carrying out of the Data Protection Impact Assessment-DPIA. In the second part of the course, a professional from the IT area illustrated the technical measures adopted by the Bank to protect the confidentiality of information and personal data. The Q&A sessions were particularly lively: many of the questions raised by the participants focused on the scope of application of the GDPR and its penalties, on the tools implemented to be compliant – such as the abovementioned record of processing and the DPIA – and on the technical and organizational measures adopted in the Bank, including the topic of data anonymization.





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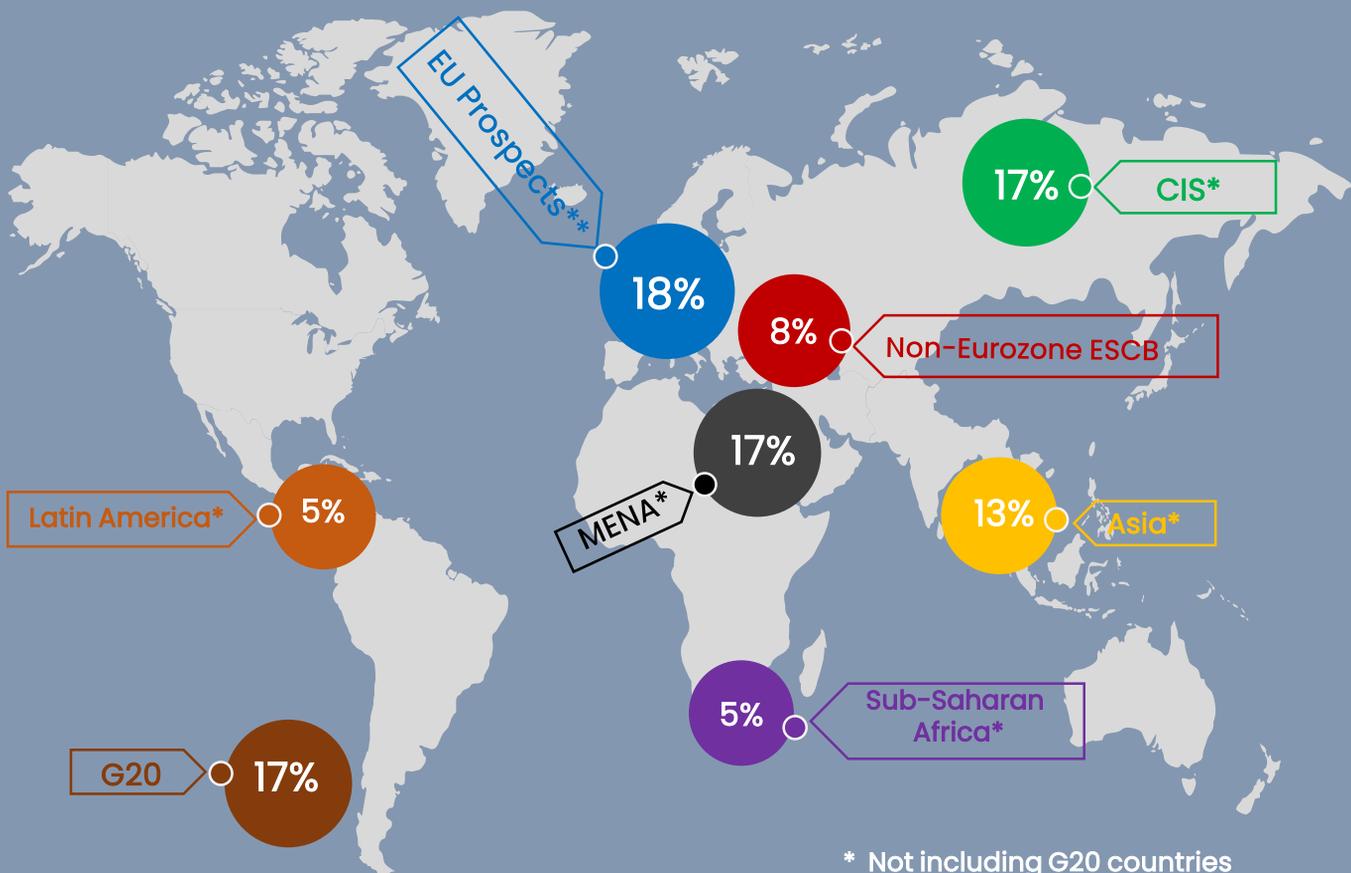
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The views expressed in this Newsletter are those of the authors and do not necessarily reflect the position of Banca d'Italia.

The year in numbers 2022

Activities by geographical area



* Not including G20 countries

** EU candidate and potential candidate countries

Activities



47%



53%

TOPICS



Latest trends

- Resumption of study visits held in person
- Consequent slight decline in the activities held online
- Increase in activities relating to: central bank governance (on human resources management firstly, then on organization issues), supervision and financial stability, and monetary policy
- Increase in the participation of CIS, EU non-eurozone, Asia, and Sub-Saharan Africa countries
- Female participants outnumbered male ones

Participants by gender

2020-2021-2022

