



EURO BANKING ASSOCIATION

ANNUAL GENERAL MEETING

6TH JUNE 2016



EURO BANKING ASSOCIATION

REPORT
OF THE
BOARD



Content

An introduction by the Chairman	4
An outlook by the Secretary General	6
1. Report on EBA activities in 2015 and outlook for 2016+	8
1.1 REPORT ON WORK STREAMS IN 2015	8
1.2 MARKETING AND COMMUNICATIONS	16
1.3 CHANGES IN THE BOARD OF THE ASSOCIATION	17
1.4 CHANGES IN EBA MEMBERSHIP	19
1.5 CHANGES IN EBA LEADERSHIP	19
1.6 OUTLOOK FOR 2016+	19
2. Financial situation, P&L statement as of 31 st December 2015	23
2.1 OVERALL EXPENSES INCURRED IN 2015	23
2.2 REVENUES IN 2015.....	24
2.3 INCOME TAX AND RESULTS FOR 2015.....	25
2.4 EBA BUDGET FOR 2016	25
2.5 PROJECTED REVENUES FOR 2016.....	27
Appendix 1	28
ACCOUNTS AS OF 31 ST DECEMBER 2015.....	28
Appendix 2	28
LIST OF EBA FULL MEMBERS.....	28
LIST OF EBA USER MEMBERS	30
LIST OF EBA ASSOCIATE MEMBERS	32
IMPRINT.....	34

An introduction by the Chairman

In 2015, the Euro Banking Association had two good reasons to celebrate: the 30th anniversary of the Association and the 10th edition of our prominent industry event EBAday.

Accordingly, at our Annual General Meeting and at EBAday 2015, we cast a look back on the key milestones of the Association over the past three decades. Our EBAday lounge and the photobook we sent to our Member representatives at the end of the year provided lively accounts of this successful journey and of the community that made this happen.

We also took advantage of this 30th anniversary to take stock of our current range of activities as a starting point for determining the future positioning of the EBA. The EBA community was invited to express itself both on the value that the EBA delivers to its membership and the broader European payments industry today and on the value they would like to see the EBA deliver in the future.

Many of the EBA Board members shared their views on these topics in our 30th anniversary video and in the photobook. And there have been contributions from the wider member community too: maybe you will recognise your own post-it message, which you have left on the wall of the EBAday lounge or at an EBA meeting, on one of the pages of this report.

In these post-its, the EBA and its members are described as the “SEPA frontrunners”, with the Association serving as an “innovative driving force and platform in the payments business”, a “forum to achieve consensus” and “a centre of excellence”. Some see the EBA’s core value in providing a “co-operation platform” that “facilitates the collaborative engagement needed to move a network industry forward” and supports “harmonised, efficient and

innovative payment initiatives with the aim to bring customer value”. Others stress the aspect that the EBA “supports a vision for Europe” or the EBA’s role in “enabling members to reach a common understanding of the potential usage of SEPA and agree common business practices”.

Many expect the EBA to “be one step ahead” as an “information platform” or even an “Explorer Beacon Advisor”, with the objective to “early identify and develop common understanding of trends that could significantly change the market for payments-related services, like technology, regulation or any other social changes”. But there are also voices that would like to see the EBA more actively engaged in payment initiatives to “leverage on the opportunities offered by PSD2, instant payments, APIs etc.”

The messages collected as part of this informal feedback-gathering exercise are part of the input that has been fuelling our internal thinking process on how to best position the EBA in a fast-evolving payments ecosystem at the service of its current and future membership. As the report on our recent, ongoing and planned activities in the present document indicates, our current mission and focus areas continue to be in tune with the expectations voiced on the post-its.

In 2015 and early 2016, we have remained firmly engaged in our activity areas Thought Leadership, Knowledge & Research, Industry Dialogue and Networking & Education. In these areas, we have progressed work streams on key technology-driven developments, such as APIs and cryptotechnologies, on the implications of regulatory developments, such as PSD2, and related to initiatives driven by evolving customer expectations, such as instant payments.



We thus are confident that the pillars of our membership value proposition continue to be solid. But we will revisit both these pillars and the activity streams they support with a view to determining whether some of them would benefit from further strengthening or a redefinition. And we will engage in a close dialogue with our member community on any evolutions we may propose to take as a result of this review.

Together with our new Secretary General Thomas Egner, my fellow Board members and I will continue to take forward the governance review programme, which we started last summer. Our aim is to present an EBA vision 2025 to the Annual General Meeting 2017, following a broad consultation with our member community.

Let me conclude by thanking our members for their continued support and active contribution to the EBA working groups and the industry fora facilitated by the Association. I would also like to thank my fellow Board

members and the EBA management and staff for their commitment and their achievements during the period under report. Finally, I take this opportunity to extend a great thank-you to Gilbert Lichter, who has led the EBA from ECU to Euro to SEPA and beyond during these past 27 years and retired from his position as Secretary General on 1st May 2016. I wish him all the best for the future.

Wolfgang Ehrmann

An outlook by the Secretary General

“Putting pan-European payments into practice” – there is no better description of the remit and benefits of the Euro Banking Association than the title used for our 30th anniversary photobook in 2015.

Thirty years of active thought leadership constitute a formidable track record for the Association, which has become a recognised pillar and centre of competence in the European payments industry.

But thought leadership is only of practical value if the insights it delivers are fed back into and have a bearing on the ecosystem it focuses on. Initiating, maintaining and evolving an industry dialogue requires much more than discussing topics and views with a small and narrow circle of subject matter experts. Bringing the results of research activities to the market, rolling out this knowledge to a broad audience and making the findings actionable for the industry is key.

Over the years, the Association has developed an effective and wide-spanned toolset to bring the community together to pool and exchange its knowledge and agree on matters of collective relevance as well as define pan-European business practices. The networking & education stream of the Association has been supporting these efforts by providing opportunities for practitioners to deepen their understanding and digest new findings as well as to contribute to shaping the industry discourse. Examples of these events are the summer and winter schools, the open fora hosted by the EBA and, last but not least, EBAday, the pan-European payments and transaction banking conference, which in 2016 goes into its 11th successful year.

In recent years, the payments industry has been faced with an increasing amount

of changes impacting our traditional and well-known environment at an accelerating pace. This reshaping of the terrain we were familiar with requires an industry strategy that encompasses the full range of change drivers and their interactions after having analysed these drivers individually. Let me just name three of these drivers for now, which all interact very closely: technology, regulation and new market players.

New and emerging technology is changing our business in unprecedented ways. The digitalisation of the business advances at high speed. Not only well-known processes such as account opening or customer onboarding are digitally streamlined, e.g. through the use of video recognition tools. Technology or the combination of technologies also has the potential to disrupt the traditional behaviour or processing mechanisms of payment service providers. Thus, the ongoing progress in the area of cryptotechnologies may lead to new models in clearing and settlement processes.

However, any co-operative infrastructure components in a network industry require the use of highly standardised technology, which, more often than not, is subject to regulation. While the publication of standards frameworks on a meta-level may be adequate from a regulatory perspective, the set-up of proper and cost-effective operating models for the benefit of the wider market requires a common understanding to be established among the market participants based on a more descriptive and detailed framework.

As a matter of course, regulation not only deals with technical standards but first and foremost with the establishment of a fair and open market model. The creation of a regulatory framework for the participation of third parties



in the payments market and the resulting interaction between new market entrants and incumbent payment service providers will provide the industry with new models of thinking and collaboration. These in turn will influence again the use of new technology in order to provide the customer with a new banking or payment experience. The circle closes.

In line with its mission, the Association has dedicated work streams dealing with the expected or potential practical impact of both technology (e.g. electronic alternative payments initiative) and regulatory matters (e.g. task force on PSD2 impact areas). Next to the member-driven working groups, the Association also supports the wider European industry debate on key payments topics by facilitating broad and unbiased pan-European discussion fora for all relevant and interested business parties, such as the Open Forum on Pan-European Instant Payments. The broad participation and continuing engagement of market participants from various European countries and stakeholder segments confirm the need for and value of this dedicated discussion platform on real-time payments.

In addition to the selected key market drivers mentioned above, there is one important aspect that should not be neglected: time. The rotating speed of developments is increasing.

The adoption and implementation cycles are becoming shorter and the reaction time is reducing. To successfully cope with this increased pace, it is more important than ever for market participants to be able to rely on a thought leadership platform that maps out and explains the challenges ahead and provides guidance as well as a place to all players in the financial industry where they can discuss best practices in an open and co-operative environment.

Based on this future-proof positioning, the Association will continue to be an industry anchor in thought leadership, industry dialogue building, networking and education.

I look forward to contributing to the further evolvement of the Association with the help of the EBA Board and our highly committed member community. I would like to thank Gilbert Lichter for having handed over the Association in a state where it is well prepared to meet the future challenges for the benefit of our members, their customers and the wider industry!

Thomas Egner

1. Report on EBA activities in 2015 and outlook for 2016+

1.1 REPORT ON WORK STREAMS IN 2015

Thanks to the commitment and contribution of the EBA community, the Association continued throughout 2015 to take forward work streams in its four key activity areas 'Thought Leadership', 'Industry Dialogue', 'Knowledge and Research' and 'Networking and Education'.

CORE ACTIVITY AREAS OF THE EBA:

THOUGHT LEADERSHIP:

- ≡ **What?** EBA-driven activity streams to identify, analyse and explain key payments-related topics as well as regulatory requirements and their practical implications.
- ≡ **Why?** To help members and the wider industry develop policies, strategies, roadmaps and collective solutions for a rapidly changing and complex payments environment.

INDUSTRY DIALOGUE:

- ≡ **What?** Exchange with EBA members, industry bodies and the wider stakeholder community and participation in or facilitation of industry groups and initiatives.
- ≡ **Why?** To drive and contribute to the delivery of pan-European co-operative payment initiatives and business practices.

KNOWLEDGE AND RESEARCH:

- ≡ **What?** Sharing research & analysis results, explanations and guidance through EBA publications, e.g. market guides and other papers.
- ≡ **Why?** To increase market knowledge and understanding regarding relevant industry topics and to help establish harmonised pan-European business practices.

NETWORKING AND EDUCATION:

- ≡ **What?** Organisation of conferences and educational events.
- ≡ **Why?** To support practitioners in broadening their understanding of the pan-European payments business and landscape and in interacting with peers across Europe.

What does the EBA mean to you?



Over the past year, the EBA's work streams mainly focussed on helping to enhance end-to-end SEPA processing and providing insights into new or emerging requirements by customers and regulators as well as relevant technology innovations. This focus is in line with the EBA's vision 2020 objectives geared at

- ≡ **supporting** the growth of digital and alternative payments;
- ≡ **driving** efficiencies and cost reductions in payments; and
- ≡ **promoting** the modernisation of the euro payments market.

In this context, the EBA took forward work streams related to the following groups, in particular, which produced noteworthy deliverables in 2015

1. Electronic alternative payment initiative run by the EBA

2. Open Forum on Pan-European Instant Payments facilitated by the EBA
3. SEPA Migration Action Round Table (SMART) facilitated by the EBA

The following working group successfully completed most of its tasks in 2014 and 2015 and was terminated in mid-2015:

4. Supply Chain Working Group

In addition to its work on key industry topics via groups and fora led or facilitated by the Association, the EBA successfully pursued in 2015

5. the organisation of educational and networking events with a pan-European scope; and
6. industry dialogue activities through its participation in industry groups and support of industry initiatives.

1.1.1 ELECTRONIC ALTERNATIVE PAYMENT INITIATIVE

The EBA's work stream on electronic alternative payments focuses on payment innovation taking place in the consumer and retail e-commerce space and the implications/ challenges of the changes this innovation entails. The EBA Working Group on Electronic Alternative Payments (e-APWG), set up in 2013, has been helping the EBA membership to gain a deeper understanding of the changing structure of retail payments and the impact of electronic alternative (e-AP) payment products on traditional cash, cards and ACH payments.

During the period under report, the working group, among other things, advanced previous thought leadership work geared at delivering a framework outlining how payments-related services operating in different service layers (e.g. alternative payment solutions and account-based services) could optimally interact with a view to better meeting customer

needs, supporting financial innovation and growing the market for digital services as a whole. This conceptual framework, called the Digital Customer Services Interface (DCSI), revolves around a virtual layer geared at bridging the gap between the electronic alternative payment methods offered in the services layer and the traditional payment systems put in place by account-servicing payment service providers (AS-PSPs) in the infrastructure layer. The DCSI is described in more detail in the Opinion Paper on exploring the Digital Customer Services Interface.

In 2015, the EBA also produced an information paper on Cryptotechnologies, a major IT innovation and catalyst for change, which was widely acclaimed for its exploration and categorisation of these new technologies from a transaction banking and payments perspective. Both 2015 publications of the e-APWG are available for download on the EBA's website.



1.1.2 OPEN FORUM ON PAN-EUROPEAN INSTANT PAYMENTS

To contribute to the collaborative supply side effort needed to meet market and regulatory requirements with regard to instant payments, the EBA decided in early 2015 to initiate and facilitate an Open Forum on Pan-European Instant Payments. Key objectives of this initiative were to broaden the exchange with all stakeholders on this topic and to provide input for the instant payment scheme discussion in Europe.

The forum was launched as an open industry forum in March 2015 with a kick-off meeting held at the Frankfurt premises of Helaba. The meeting was attended by representatives from over 50 organisations, including payment service providers, central banks, IT suppliers, clearing and settlement service providers, consultancies and other market players. At this first meeting, Hansjörg Nymphius was proposed and approved as independent coordinator of the forum.

Since its launch and in line with its mission, the forum has been fostering a practitioners' dialogue around the topic of instant payments. It provides a pan-European meeting place where industry stakeholders are able to raise, discuss and exchange information on the challenges of an industry-wide movement into instant processing of payments.

In 2015, the forum convened four times – twice in Frankfurt, once in Brussels and at a breakfast session at EBAday in Amsterdam. The meetings involved participants from, in total, 100 organisations. Participants exchanged information on topics such as key aspects of pan-European instant payments for PSPs and PSUs, the development of national instant payment initiatives and real-time payment standards as well as pan-European



*The future is
OPEN*

*The SEPA
FrontRunners..*

scheme-related discussions and expectations of regulatory bodies. Speakers included representatives from the corporate world, the European Central Bank, the European Payments Council, SWIFT as well as PSPs and market infrastructures involved in existing or emerging instant payment solutions.



1.1.3 SEPA MIGRATION ACTION ROUND TABLE (SMART)

The EBA has traditionally accompanied major changeover periods for the European payments industry through the initiation of practitioners' panels. These panels have been geared at addressing in an ad-hoc approach any practical issues of an operational nature that may arise during or after such implementation phases, especially at a cross-border level.

In 2015, the EBA continued to facilitate the work of the SEPA Migration Action Roundtable (SMART). SMART was launched by the EBA in 2013 as an infrastructure-independent group to address any practical issues that may arise during the SEPA migration and post-migration period.

Following the changeover to SEPA, a major focus was placed on providing a detailed country-by-country overview publication of the local practices, products and requirements that continue to exist in SEPA. These country-specific particularities create local flavours in the customers' payment experience; they often represent obstacles affecting the seamless exchange of SEPA payments across Europe.

SMART also published guidance on preparations and implications in relation to the phasing out of niche products (deadline: 1st February 2016) as well as with regard to the SEPA migration end-date for non-euro EEA countries (deadline: 31st October 2016).

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1.1.4 SUPPLY CHAIN WORKING GROUP AND INITIATIVE

Having published two discussion papers, on e-invoicing and on challenges and solutions around B2B remittance data in November 2014, the EBA Supply Chain Working Group (SCWG) concluded most of its activities by mid-2015. This was in line with the decision by the EBA Board in late 2014 to sunset the working group and put a higher priority on other work streams, such as electronic alternative payments. The EBA continued to contribute throughout 2015 and early 2016 to the ICC Global SCF initiative geared at agreeing on standardised market definitions for this evolving industry area. The Association also remained engaged in the European Multi-Stakeholder Forum on e-invoicing and will further monitor developments in this area with a view to assessing the benefit of any renewed EBA involvements.

1.1.5 EDUCATIONAL AND NETWORKING EVENTS

The EBA organises events that enable payment practitioners to broaden their understanding of the payments business and landscape and to directly interact with peers from payments-related organisations all across Europe. They also put the association in a position to share and further evolve its thought leadership deliveries with its members and the wider industry.

In 2015, the EBA continued to deepen its footprint in the organisation of payments-related events. The association's flagship event, the conference and exhibition EBAday, celebrated its 10th anniversary in Amsterdam with a 19-session program, a sold-out exhibition floor and 871 delegates. EBAday 2015's focus was reflected in its title: "Payments 2020: From Vision to Action". The agenda provided a wide variety of insights into payments innovation, regulation, and customer needs, and the networking sessions were lively and informative.

As in previous years, the event ran over two full days. It was comprised of 14 parallel panel sessions as well as a challenge speech, a strategic viewpoint and a roundtable discussion. The exhibition featured 38 stands, three more than in the previous year. At the occasion of the EBA's 30th anniversary, a dedicated EBA lounge at EBAday offered an illustrated journey into the association's key milestones of the past three decades and a gathering place for its members on the buzzing exhibition floor.

As in previous years, the EBA also organised three educational seminars, allowing members to come together and deepen their knowledge and get fresh perspectives on industry topics



that are high up on the agenda of payment professionals around Europe:

- ≡ a Winter School focusing on the needs of corporate customers;
- ≡ a Summer School on real-time payments; and
- ≡ a dedicated seminar on intra-day liquidity and liquidity risk management.

In preparation of EBAday, the EBA also organised two EBAday Business Fora in cooperation with EBA Associate Members. Participants invited to these breakfast sessions discuss selected topics from the EBAday conference programme with a keynote speaker opening the session.

1.1.6 INDUSTRY DIALOGUE CONTRIBUTION

EBA represents its members with a country-neutral perspective and a practitioner's voice in its wider dialogue with major industry bodies and stakeholders by contributing to the shaping of the future payments landscape through its participation in the following European and global bodies and groupings:

≡ **Payment Systems Market Expert Group (PSMEG):**

Set up by the European Commission, this expert group is composed of 40 experts in the area of payments, representing the supply and the demand side of the market. The group assists the Commission in the preparation of legislative acts or policy initiatives regarding payments, including fraud prevention issues related to the payment industry and users. It provides insight on the practical implementation of the policies and a forum to exchange views on current best practices and on potential issues of concern for the market.

≡ **European Multi-Stakeholder Forum on e-invoicing (EMSFEI):**

The EBA is a full member of the EMSFEI. The Forum has been set up by the European Commission and brings together delegates from national e-invoicing fora and key stakeholders from the user side of the market. Its objective is to help pave the way for a broad-scale adoption of e-invoicing at both national and EU level. The Forum creates a unique opportunity to exchange experiences and best practices across borders. Furthermore, the Forum discusses issues of common interest, with the possibility to issue recommendations to the Commission.

≡ **European Payments Council (EPC):**

The purpose of the EPC, representing payment service providers (PSPs), is to support and promote European payments integration and development, notably the Single Euro Payment Area (SEPA). The EPC is committed to contributing to safe, reliable, efficient, convenient, economically balanced and sustainable payments, which meet the needs of payment service users and support the goals of competitiveness and innovation in an integrated European economy. The EBA is a member of the EPC and participates in several EPC working groups.

≡ **ICC Global Supply Chain (SCF) Forum:**

Together with the International Chamber of Commerce (ICC), the Bankers Association for Finance and Trade (BAFT), Factors Chain International (FCI), International Factors Group (IFG) and the International Trade and Forfeiting Association (ITFA), the EBA has worked on the release of a list of standard definitions for techniques of supply chain finance. This initiative is a step towards the much needed standardisation of the SCF industry.

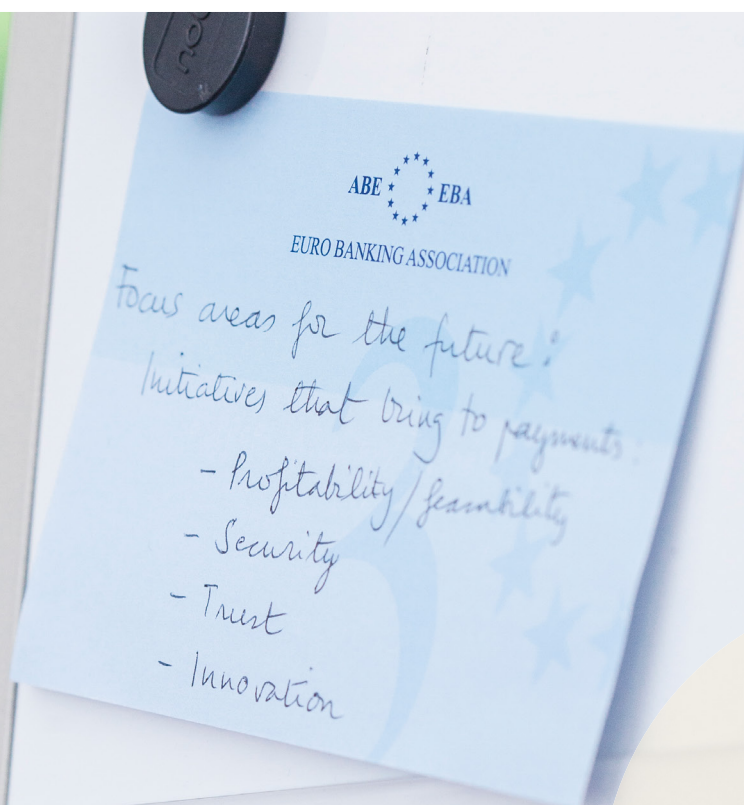
SEPA Migration Action Round Table (SMART):

SMART is a forum for banks and by banks, which is logistically supported by the EBA. The mission of this forum is to deal with open issues and uncertainties in relation to the practical implementation of the SEPA Regulation requirements and to the banks' day-to-day execution of SEPA Credit Transfers and Direct Debits, especially in the cross-border space. The EBA initiated SMART and serves as a facilitator of the group.

Open Forum on Pan-European Instant Payments:

The aim of this forum is to foster a practitioners' dialogue amongst payment service providers and users at a pan-European level on instant payment service requirements. This dialogue is seen as a key step towards creating the user engagement and readiness needed for a successful end-to-end roll-out of instant payments. The EBA launched this industry forum and provides administrative support to its meetings.

What does the EBA mean to you?



1.2 MARKETING AND COMMUNICATIONS

1.2.1 EBA WEBSITE

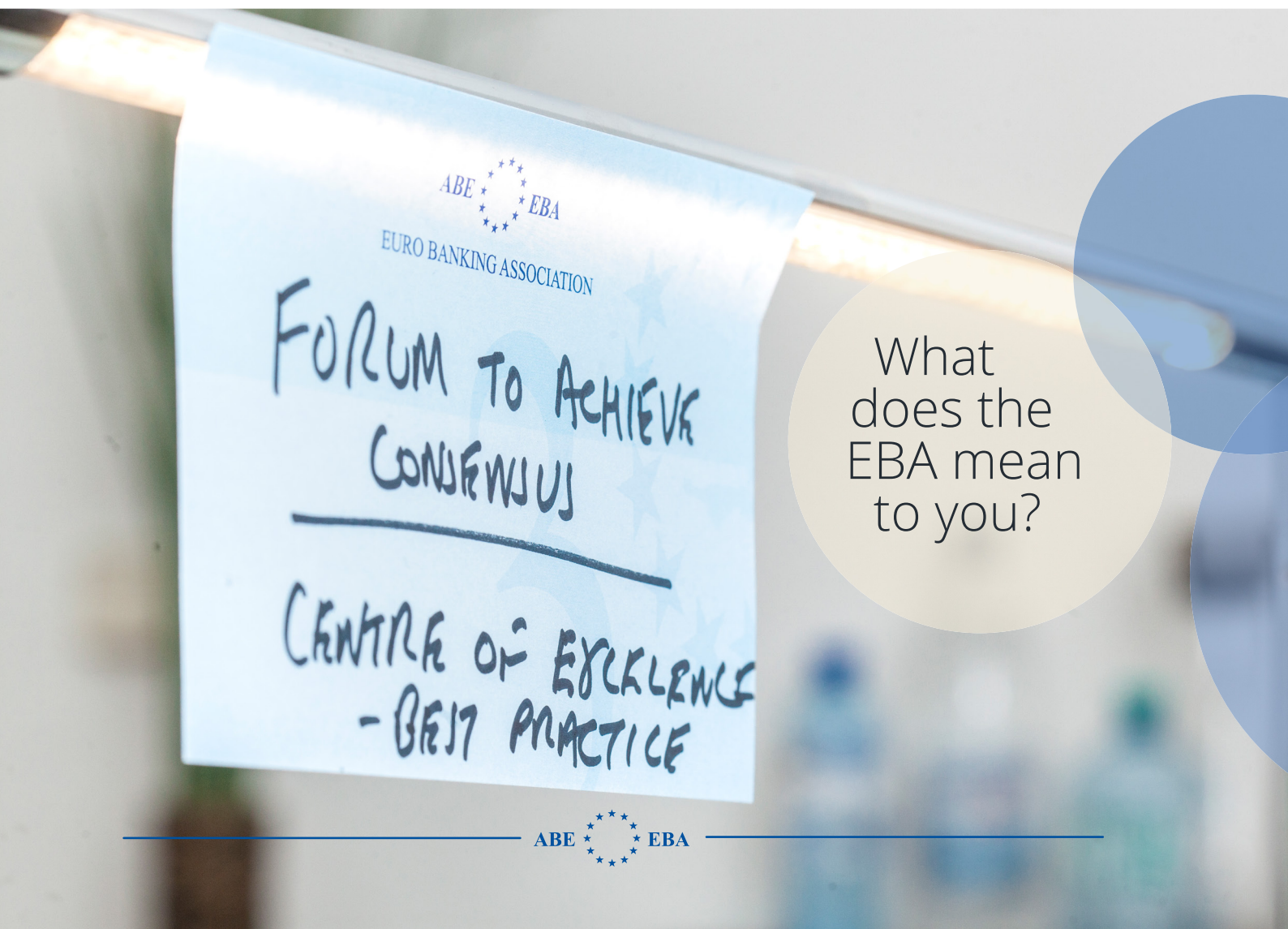
In April 2015, the EBA launched a new website based on a responsive design and a revamped look.

It is planned that in the near future, the new site will successively be equipped with the necessary technical basis and interfaces to key internal databases to support new or improved interactive functionality, which will further increase its usability and attractiveness. Some of the web content and services have not been migrated to the new site yet because they require interaction with other applications. Upon implementation of this interaction, the old website will be deactivated.

1.2.2 EXTERNAL CONFERENCES

At Sibos in Singapore, the Association organised a community session about "EBA's vision for payments in 2020", which was very well attended and in which current trends in the payments market were discussed. The Association was also present at Sibos with a stand shared with EBA CLEARING.

As in previous years, the Euro Banking Association contributed to the programme and sponsoring of the Euro Finance Week's payments conference in Frankfurt. The conference took place in November 2015 and was opened by EBA Chairman Wolfgang Ehrmann. The event addressed, among others, new opportunities, challenges, and business models around the topic of instant payments.



1.3 CHANGES IN THE BOARD OF THE ASSOCIATION

During the Annual General Meeting (AGM) on 11th May 2015, the following Board members were elected or re-elected for a three-year term of office:

Sergio Ammassari	Banca Nazionale del Lavoro
James Barclay	JPMorgan Chase Bank NA
Javier Santamaría	Banco Santander
Jan Paul van Pul	ABN AMRO Bank
José Vicente	Banco Comercial Português

Further to James Barclay's resignation from the Board and further to a Board correspondence vote called on 18th January 2016 and closed on 25th January 2016, Ruth Wandhöfer (Citibank NA) was appointed as Board member for the remaining term of office of James Barclay, i.e. until the end of the EBA Annual Ordinary General Meeting that will take place in 2018.

Further to Simon Newstead's resignation from the Board and further to a Board correspondence vote called on 18th January 2016 and closed on 25th January 2016, Nicola Coyne (Barclays Bank) was appointed as Board member for the remaining term of office of Simon Newstead, i.e. until the end of the EBA Annual Ordinary General Meeting that will take place in 2017.

Further to Ann Andrén's resignation from the Board and further to a Board correspondence vote called on 18th January 2016 and closed on 25th January 2016, Claus Richter (Nordea Bank Finland) was appointed as Board member for the remaining term of office of Ann Andrén, i.e. until the end of the EBA Annual Ordinary General Meeting that will take place in 2017.

Further to Gilbert Ernst's resignation from the Board effective as of 1st May 2016, Serge Wagener (Banque et Caisse d'Epargne de l'Etat, Luxembourg) was appointed by the Board during its meeting on 28th April 2016 as Board member for the remaining term of office of Gilbert Ernst, i.e. until the end of the EBA Annual Ordinary General Meeting that will take place in 2017.



Accordingly, since 1st May 2016 the Board has been composed of the following persons:

CHAIRMAN:

(until AGM in)

Wolfgang Ehrmann	Landesbank Hessen-Thüringen (Helaba)	2016
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DEPUTY CHAIRMAN:

Vincent Brennan	Bank of Ireland	2016
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OTHER BOARD MEMBERS:

Henrik Bergman	Skandinaviska Enskilda Banken	2016
Gerald Hechl	Raiffeisen Bank International AG	2016
Jürgen Wendt	DZ BANK AG	2016
Nicola Coyne	Barclays Bank	2017
Frank Hubloue	Belfius Bank SA/NV	2017
Thomas Kraft	BNP Paribas	2017
Claus Richter	Nordea Bank Finland	2017
Serge Wagener	Banque et Caisse d'Épargne de l'État	2017
Sergio Ammassari	Banca Nazionale del Lavoro	2018
Jan Paul van Pul	ABN AMRO Bank	2018
Javier Santamaría	Banco Santander	2018
José Vicente	Banco Comercial Português	2018
Ruth Wandhöfer	Citibank NA	2018

The Chairman thanks those Board members whose mandate will terminate at the end of the present Annual General Meeting.

During the year 2015, the Board met on:

- ≡ 12th February
- ≡ 19th March
- ≡ 25th June
- ≡ 24th & 25th September
- ≡ 25th November

Since 1st January 2016, the Board has met on:

- ≡ 4th February
- ≡ 31st March
- ≡ 28th April
- ≡ 12th May

1.4 CHANGES IN EBA MEMBERSHIP

Since the last AGM on 11th May 2015 until 4th May 2016, eight user members have withdrawn from the Euro Banking Association whilst the number of Associate Members has recently slightly increased.

1.5 CHANGES IN EBA LEADERSHIP

Following his appointment by the EBA Board on 13th November 2015, Thomas Egner took office as new Secretary General of the Euro Banking Association on 1st May 2016. He took over the reins from Gilbert Lichter, who retired from this position after more than 27 years in office.

1.6 OUTLOOK FOR 2016+

In the state of profound transformation and flux that the European payments landscape is undergoing, an open and broad exchange of views and experience between practitioners from banks, technology suppliers and fintechs represents a source of helpful guidance.

The agenda for this exchange within and beyond the EBA community as well as for the knowledge & research activities and the events programme the EBA is taking forward is set by the members of the Association.

In line with the value proposition submitted on 26th February 2016 to the EBA members together with the budget vote for 2016, which was endorsed by the EBA Full Members, the EBA in 2016 is pursuing work streams related to the following:

1. The electronic alternative payments initiative taken forward through the EBA e-APWG;
2. The Open Forum on Pan-European Instant Payments facilitated by the EBA;
3. The SEPA Migration Action Round Table (SMART) facilitated by the EBA;
4. The identification of PSD2 key impact areas carried out by a newly created EBA task force;
5. The organisation of pan-European educational and networking events;
6. The contribution to industry dialogue.



1.6.1 ELECTRONIC ALTERNATIVE PAYMENT INITIATIVE

As a follow-up on its 2015 activities, the EBA e-APWG is seeking to provide its members and the wider industry with a deeper understanding of the strategic implications of using Open Application Programming Interfaces (APIs) in an open banking context. To this effect, the EBA intends to produce a thought leadership publication on the topic of “Understanding the business relevance of Open APIs and Open Banking for banks.”

The aim is to help individual actors understand what open APIs are about and give them insight into the key considerations for redefining viable digital business strategies in an open API context.

To this effect, the EBA e-APWG is planning to provide an easy-to-understand framework for analysis, which can be applied by members to think through the implications of open APIs on their business.

It is also envisaged that a Forum on Open APIs will be established in the first half of 2016. The purpose of the forum will be to host pertinent debates on achieving more harmonised developments around open APIs. The proposed approach is similar to the one used for the Open Forum on Instant Payments and seeks to provide an open platform for exchanging experience and understanding amongst practitioners of this domain.

Further to the first information paper on crypto-technologies delivered by the e-APWG, the EBA has launched a dedicated crypto-technologies working group with a mandate to assess the implications of blockchain and distributed consensus ledger in the area of trade finance. The e-APWG took the view that this technology is likely to change the way the industry operates in today's digital world.

In co-operation with other industry bodies and associations at a European or national level, the EBA plans to support in 2016 education and engagement activities related to alternative payment topics covered by the e-APWG.

In summary, the e-APWG plans to focus in 2016 on

- A. fostering the conceptual debate around the Digital Customer Services Interface and creating a thought leadership publication on the topic of “Understanding the business relevance of Open APIs and Open Banking for banks”;
- B. assessing crypto-technology developments in the area of trade finance;
- C. supporting education and engagement activities in cooperation with other associations with regard to PSD2/XS2A, DCSI, API, open banking and instant payment debates and, where possible, report on practical learnings, implementation experiences from prior and live initiatives on PSD2/XS2A.

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1.6.2 OPEN FORUM ON PAN-EUROPEAN INSTANT PAYMENTS

Going forward in 2016, the Open Forum on Pan-European Instant Payments will continue to gather PSPs, PSUs and other stakeholders in order to support the 'migration of minds' to this emerging payments reality.

Aside from exchanging updates on instant payment-related evolvments in Europe, it is planned that the forum will take stock of real-time payment developments and initiatives outside of Europe, such as in Australia, Singapore and the United States. The forum will also take a closer look into non-scheme-related issues, such as anti-money laundering (AML) or fraud checks as well as liquidity management considerations.

1.6.3 SEPA MIGRATION ACTION ROUND TABLE (SMART)

Having closely monitored the market situation preceding and following the SEPA migration end-date for niche products on 1st February 2016, the SEPA Migration Action Round Table will continue to keep track of and discuss in its monthly calls any SEPA-related issues that are raised by the regular participants or by any other parties addressing their questions or issues to the EBA Secretariat (association@abe-eba.eu). The group will also further pursue its monitoring of any developments in relation to the SEPA migration end-date for non-euro EU countries on 31st October 2016.

1.6.4 IDENTIFICATION OF PSD2 KEY IMPACT AREAS

The recent entry into force of the revised Payment Services Directive (PSD2) has marked the beginning of another major changeover period for the industry. Against this background, the EBA Board agreed in February 2016 to create a task force of payment experts and legal specialists dedicated to identifying key areas of impact of the PSD2 on account-servicing payment service providers (AS-PSPs) that would benefit from being addressed or further discussed by payment practitioners at a pan-European level. The practical deliverable of this work stream should be a document describing or identifying these practical implications and issues, with a special emphasis on the pan-European or cross-border space.

The findings of this document could, at a later point in time, serve as a starting point for a broader exchange or in-depth discussion of these issues by a wider forum with a view to better understanding their complexity or agreeing on how to address any remaining uncertainties.



1.6.5 EDUCATIONAL AND NETWORKING EVENTS

EBAday 2016 will cover the topic “A Brave New World for Payments – Setting a vision for the future of the European payments industry”. For the first time, the event will feature a fintech area, where startups can present their latest products or innovations. The major emphasis of the EBAday Business Fora organised in the run-up to EBAday will be placed on real-time payments while the EBA Summer and Winter Schools are planned to focus on digital banking / open API strategies and on pan-European instant payment-related topics respectively.

1.6.6 INDUSTRY DIALOGUE CONTRIBUTION

As in previous years, the EBA will also continue to contribute to the overall industry dialogue through its participation in industry bodies and initiatives. In addition, in 2016, the EBA will also represent its membership in the ad-hoc EPC Task Force on e-invoicing related payment issues.

1.6.7 OTHER

The EBA will share a stand with EBA CLEARING at the Sibos exhibition in Geneva and plans to contribute an interest session to the conference programme.

1.6.8 MEMBERSHIP

As from 4th May 2016, the total number of members will be the following:

- ≡ Full members: 65
- ≡ User members: 65
- ≡ Associate members: 47



2. Financial situation, P&L statement as of 31st December 2015

The Association ended the fiscal year 2015 with a shortfall of EUR 135,155 resulting from non-budgeted expenses agreed by the Board. The total revenues exceeded the budgeted figures for 2015 by 1%.

2.1 OVERALL EXPENSES INCURRED IN 2015

The expenses of the Association amounted to EUR 1,830,749. The difference to the 2015 budget can be explained as follows:

2.1.2 EBA ACTIVITIES

The Consultancies and Legal fees item was above budget by EUR 245,001 due to

- increased project and consultancy fees in relations to the Electronic Alternative Payments Working Group;
- one-off fees related to the recruitment process of the new Secretary General.

The External Relations item was EUR 33,142 above the budget of EUR 200,000, essentially on account of unforeseen expenses under the Promotion item related to the amortisation of the SIBOS stand and the review of the website.

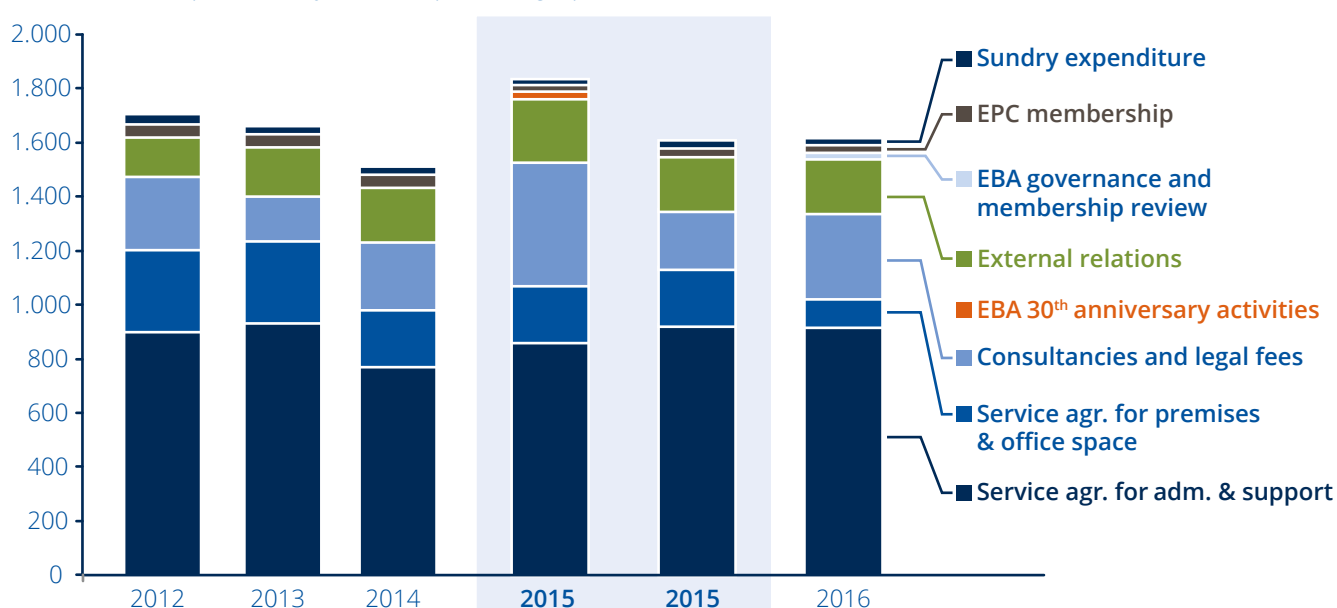
The celebration of the 30th anniversary of the Association incurred EUR 27,501 of one-off expenses.

Sundry expenditures and EPC membership fees were both below budget by a total amount of EUR 13,894.

2.1.1 SERVICE AGREEMENTS

The Service Agreements with EBA CLEARING covering the expenses for HR, administrative and support services and premises and office space represented a cost of EUR 1,072,000. This amount was 5.5% lower than the initial budget due to an unused reserve for administrative and support activities.

■ EBA expenses – 4 years' comparative graph



2.2 REVENUES IN 2015

The total revenues of the Association amounted to EUR 1,664,287, which means they exceeded the initial budget of EUR 1,643,000 by EUR 21,287 or 1%.

2.2.1 MEMBERSHIP REVENUES

Membership revenues were below budget by EUR 17,000 following the fact that the Association collected

1. Lower membership fees than budgeted corresponding to one user member and one associate member less than budgeted, which amounted to a total difference of EUR 6,000;
2. Lower entrance fees than initially expected – the budget had included additional revenues to be generated by one user member and three associate members while only one associate member joined the Association during the year; this created a difference compared to budget of EUR 11,000.

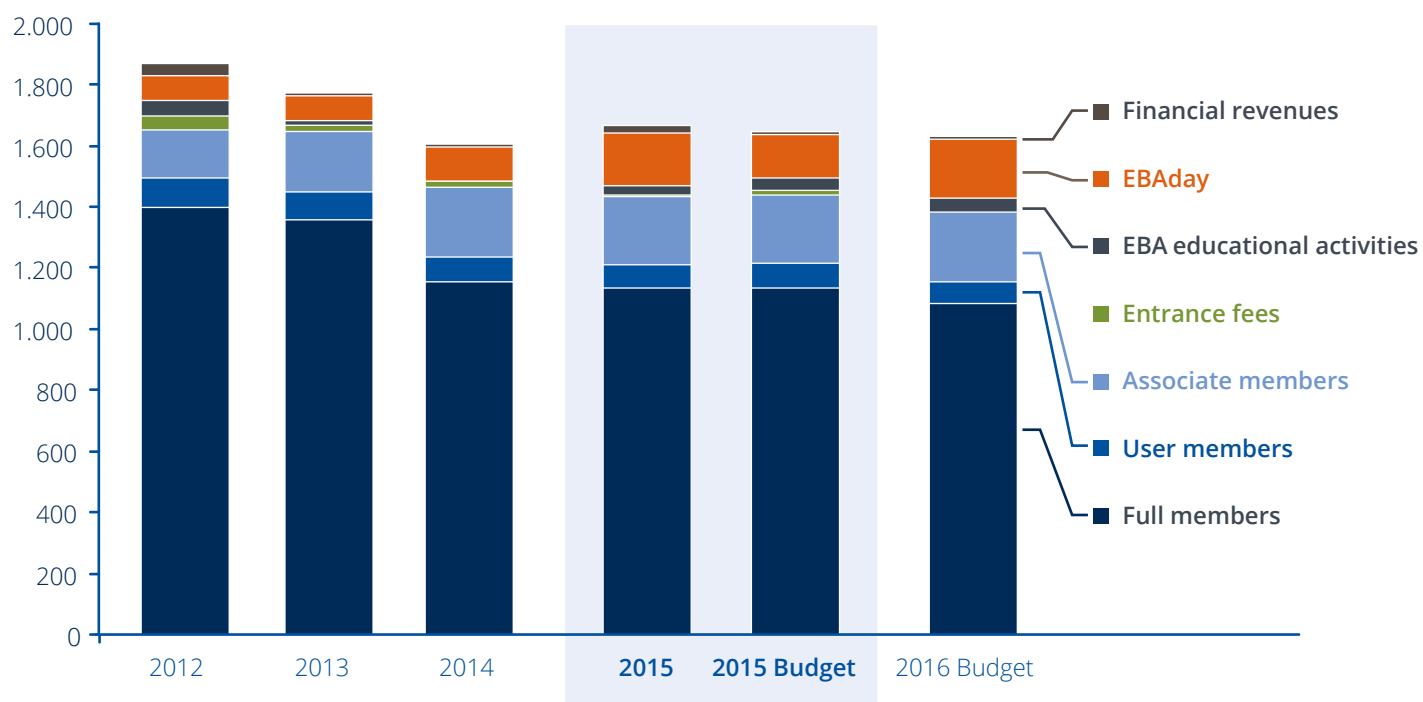
2.2.2 NON-MEMBERSHIP REVENUES

The non-membership revenues (excluding EBAday) amounted to EUR 57,721, which corresponded to an increase by 13% or EUR 6,221 compared to budget due to a financial provision that had to be reversed, constituting a one-off extraordinary revenue of EUR 12,899, inflating the net financial revenues at EUR 15,947 above budget. The latter was partly counterbalanced by revenues from the educational activities, which were lower than the budget by EUR 9,726.

2.2.3 EBADAY REVENUES

EBAday 2015 generated a revenue of EUR 172,067, which corresponded to a positive difference of EUR 32,067 compared to the budgeted figures of EUR 140,000.

≡ EBA revenues – 4 years' comparative graph



2.3 INCOME TAX AND RESULTS FOR 2015

For the year 2015, the total revenues stood at EUR 1,664,287 and the total expenses at EUR 1,830,748, causing a negative result before tax of EUR 166,462.

The Association benefitted of a tax credit of EUR 31,307 as a result of netting the current loss with net profits from previous years, which reduced the 2015 shortfall to EUR -135,155.

The result of the fiscal year 2015 will diminish the reserve of the Association to EUR 973,866 compared to EUR 1,109,021 in 2014.

2.4 EBA BUDGET FOR 2016

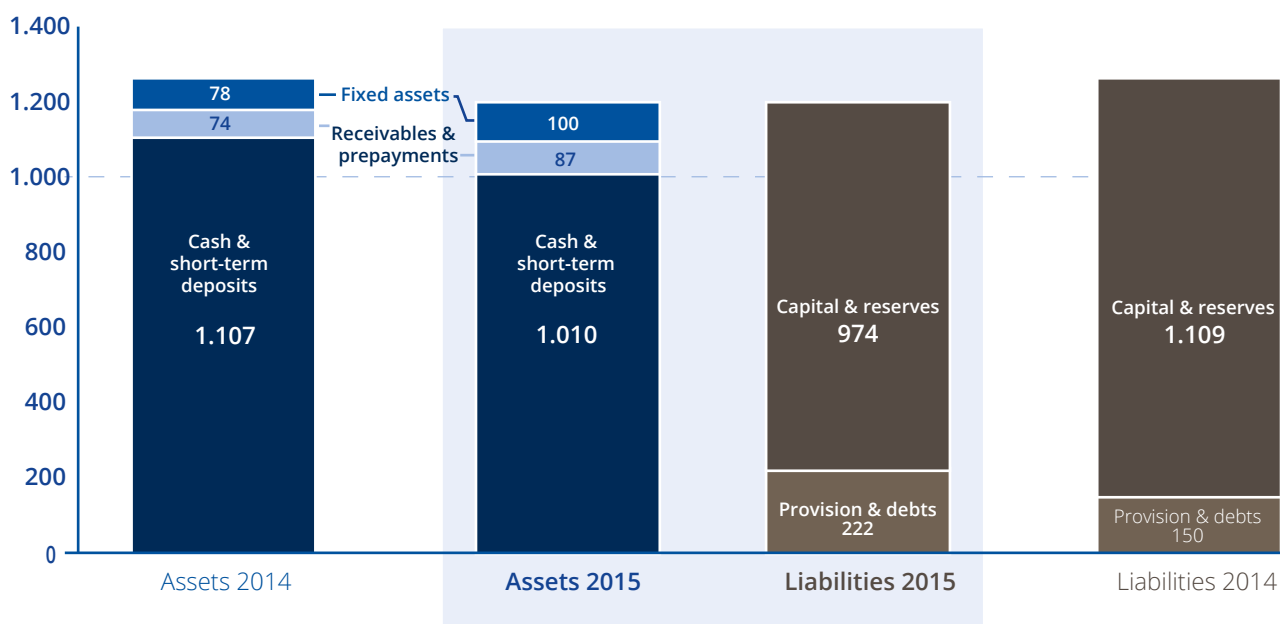
The 2016 result before tax is expected to be at EUR 17,215 and the net result at EUR 11,477 with revenues and charges expected to reach EUR 1,629,500 and EUR 1,612,285 respectively.

The 2016 budget is based on the assumptions detailed below.

2.4.1 EBA OPERATING CHARGES

Expenses resulting from the Services Agreements for administrative and support services and for premises and office space are totalling EUR 1,026,000 compared to the 2015 budget of EUR 1,135,000.

- ≡ *The result of the fiscal year 2015 will diminish the reserve of the Association to EUR 973,866 compared to EUR 1,109,021 in 2014.*



This net decrease of EUR 109,000 is the result of two opposite factors:

- A. A substantial reduction of EUR 209,000 for the support activities and for premises and office space, for a total of EUR 776 thousands compared to the level of 2015 that was at EUR 985,000. This diminution is due to:
 - ≡ a reduction of the average square meters allocated to the EBA employees; and
 - ≡ a decrease of the average salary for the supporting activities, which allows the Association to benefit from lower rates whilst having the same number of support employees available.
- B. The Service Agreements for administrative and support activities contains additional charges for Human Resources specifically dedicated to the activities of the Association, corresponding to EUR 250,000 in 2016, which represents an increase of EUR 100,000 compared to the 2015 budget.

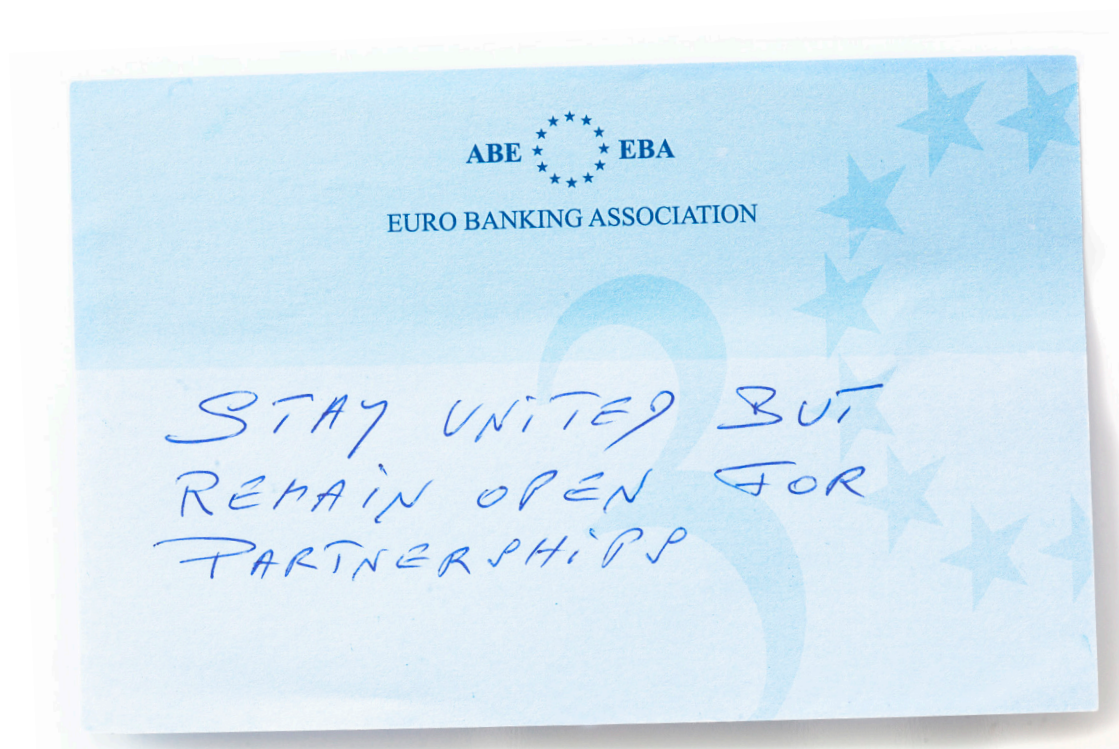
2.4.2 EBA ACTIVITIES AND PROJECTS

The targeted budget for external relations is set at the same level as in 2015, i.e. EUR 200,000.

The budget for project and related working groups has been increased by EUR 100,000 in view of possible additional activities in 2016 that will carry the total budget for Consultancies and Legal fees to EUR 315,000 in 2016.

An additional budget of EUR 25,000 is included in the one-off activities for the governance and membership review.

The budget for sundry expenditures and EPC membership is totalling EUR 46,000 and is EUR 6,000 lower compared to the 2015 budget following a decrease in the EPC membership fees.



2.5 PROJECTED REVENUES FOR 2016

The 2016 budget revenues foresee an amount of EUR 1,629,500 representing a decrease of EUR 13,500, 1% less compared to the 2015 budget, as detailed below.

2.5.1 MEMBERSHIP REVENUES

In 2016, it is expected that the Association will have lower membership fees than in 2015, a difference of EUR 73,500 compared to the 2015 budget position of EUR 1,456,500.

A cautious approach has been taken, leading to an anticipated decrease in membership figures by three full members and four user members compared to the 2015 actuals. In addition, it has been assumed that there will be a shift of three full members into the user member category. It has also been assumed that there will be no new entrants.

2.5.2 NON-MEMBERSHIP REVENUES

An upward trend is expected as regards the non-membership revenues. Indeed, the total non-membership revenues are expected to increase from EUR 186,500 to EUR 246,500, a positive difference of EUR 60,000 following two parallel trends:

In 2016, the EBA educational activities revenues are forecasted to reach EUR 50,000, which corresponds to an increase of EUR 10,000 compared to the 2015 budget based on an expected increased participation in educational events.

In 2016, EBAday will develop its revenue thanks to the renegotiation of the profit share with Finextra and the anticipation that there will be a growing interest leading to an increase in participation revenues related to the event. The event is expected to generate a net profit of EUR 190,000, a difference of EUR 50,000 compared to the 2015 budget.



Appendix 1

ACCOUNTS AS OF 31ST DECEMBER 2015

The accounts as of 31st December 2015 are attached separately.

Appendix 2

LIST OF EBA FULL MEMBERS

(as from 4th May 2016)

ABN AMRO BANK
ALLIED IRISH BANKS
ALPHA BANK
BANCA MONTE DEI PASCHI DI SIENA
BANCA NAZIONALE DEL LAVORO
BANCA POPOLARE DI MILANO
BANCO BILBAO VIZCAYA ARGENTARIA
BANCO COMERCIAL PORTUGUES
BANCO POPOLARE
BANCO POPULAR ESPANOL
BANCO SABADELL
BANCO SANTANDER
BANK OF AMERICA
BANK OF CHINA
BANK OF IRELAND
BANK OF TOKYO-MITSUBISHI UFJ LTD
BANQUE ET CAISSE D'EPARGNE DE L'ETAT,
LUXEMBOURG
BANQUE FEDERATIVE DU CREDIT MUTUEL
BANQUE INTERNATIONALE A LUXEMBOURG SA

BARCLAYS BANK
BELFIUS BANK SA/NV
BNP PARIBAS
BNP PARIBAS FORTIS
BPCE
BRED BANQUE POPULAIRE
CAIXABANK SA
CAIXA GERAL DE DEPOSITOS
CECABANK SA
CITIBANK
COMMERZBANK AG
CREDIT AGRICOLE
CREDIT DU NORD
DANSKE BANK
DEUTSCHE BANK AG
DEUTSCHE POSTBANK AG
DNB BANK ASA
DZ BANK AG
ERSTE GROUP BANK AG
EUROBANK ERGASIAS SA
HBSC BANK PLC
HSBC FRANCE
ING BANK NV
INTESA SANPAOLO SPA
JPMORGAN CHASE BANK NA
KBC BANK NV

LANDESBANK BADEN-WÜRTTEMBERG
LANDESBANK HESSEN-THÜRINGEN (HELABA)
LLOYDS BANK PLC
NATIONAL BANK OF GREECE SA
NATIXIS
NORDEA BANK FINLAND PLC
NOVO BANCO S.A.
OP CORPORATE BANK PLC
OTP BANK PLC
RABOBANK NEDERLAND
RAIFFEISEN BANK INTERNATIONAL AG
ROYAL BANK OF SCOTLAND PLC
SKANDINAVISKA ENSKILDA BANKEN
SOCIETE GENERALE
STANDARD CHARTERED BANK
SVENSKA HANDELSBANKEN
SWEDBANK
UBS AG
UNICREDIT SPA
WELLS FARGO BANK NA

LIST OF EBA USER MEMBERS

(as from 4th May 2016)

ABANCA CORPORACION BANCARIA S.A.

AKTIA BANK PLC

ALLGEMEINE SPARKASSE OBERÖSTERREICH
BANK AG

BANCA DEL FUCINO

BANCA DI IMOLA SPA

BANCA POPOLARE DEL LAZIO

BANCA POPOLARE DELL'EMILIA ROMAGNA

BANCA POPOLARE DI SONDRIO

BANCA POPOLARE DI VICENZA

BANCA SELLA SPA

BANCO COOPERATIVO ESPANOL SA

BANK FÜR TIROL UND VORARLBERG AG

BANK OF ALAND PLC

BANKA SLOVENIJE

BANKINTER SA

BANQUE MICHEL INCHAUSPE-BAMI

BANQUE PALATINE

BERENBERG BANK

BHF-BANK AG

BKS BANK AG

BPOST SA DE DROIT PUBLIC

BREMER LANDESBANK

CAIXA CENTRAL DE CREDITO AGRICOLA
MUTUO

CAJA LABORAL POPULAR COOP. DE CREDITO

CASSA DI RISPARMIO DELLA PROVINCIA DI
CHIETI SPA

CASSA DI RISPARMIO DELLA PROVINCIA DI
TERAMO SPA

CASSA DI RISPARMIO DI CESENA SPA

CASSA DI RISPARMIO DI FERMO SPA

CASSA DI RISPARMIO DI LORETO SPA

CASSA DI RISPARMIO DI RAVENNA SPA

CATALUNYA BANC, SA

CREDIT MUTUEL ARKEA

CREDITO EMILIANO SPA

CREDITO VALTELLINESE

DE NEDERLANDSCHE BANK



DEUTSCHE BUNDESBANK
EMIRATES NBD PJSC
HAMBURGER SPARKASSE AG
HELLENIC BANK PUBLIC COMPANY LTD
ICCREA BANCA
ISTITUTO CENTRALE DELLE BANCHE
POPOLARI ITALIANE
KOOKMIN BANK INTERNATIONAL LTD.
KUTXABANK, SA
LA BANQUE POSTALE
LANDESBANK BERLIN AG
MASHREQBANK PSC
NORDJYSKE BANK AS
NUOVA BANCA DELLE MARCHE SPA
NUOVA CASSA DI RISPARMIO DI FERRARA
SPA
OBERBANK AG
OESTERREICHISCHE NATIONALBANK
OLDENBURGISCHE LANDESBANK

RAIFFEISENLANDESBANK OBERÖSTERREICH
AG
RAIFFEISEN-LANDESBANK TIROL AG
RAIFFEISEN LANDESBANK SÜDTIROL / CASSA
CENTRALE RAIFFEISEN
DELL'ALTO ADIGE
RINGKJOEBING LANDBOBANK
S-BANK LTD
SECB SWISS EURO CLEARING BANK GmbH
SKJERN BANK
SPAR NORD BANK
SPAREKASSEN SJAELLAND
SYDBANK AS
THE BANK OF NEW YORK MELLON,
FRANKFURT BRANCH
UBI BANCA
VENETO BANCA SPA



LIST OF EBA ASSOCIATE MEMBERS

(as from 4th May 2016)

ACCENTURE GmbH	FISERV EUROPE LTD
ACCUITY	GEVA BUSINESS SOLUTIONS GmbH
ACI WORLDWIDE (EMEA) LTD	IBM DEUTSCHLAND GmbH
AURIGA SPA	INNOPAY B.V.
AXWAY SOFTWARE	INTELLECT DESIGN ARENA LTD
B+S BANKSYSTEME AG	INTERCOPE INTERNATIONAL COMMUNICATION GmbH
BOTTOMLINE TECHNOLOGIES SARL	LIPIS ADVISORS GmbH
BUSINESS INFORMATION SYSTEMS (ALLEVO) SRL	NETS A/S
CEGEKA NEDERLAND B.V.	NIKE CONSULTING SPA
CGI	PPI AG INFORMATIONSTECHNOLOGIE
CLEAR2PAY	SAMLINK LTD
COCONET AG	SENTENIAL LTD
CSC DEUTSCHLAND SOLUTIONS GmbH	SIA
D+H	SOFTWARE INTEGRATORS LTD
DIAMIS	STET
DION GLOBAL SOLUTIONS GmbH	SWIFT
DOVETAIL SYSTEMS LTD	SWISS POST POSTFINANCE
EFIS AG	TAS SPA
EQUENS SE	TATA CONSULTANCY SERVICES
ERNST & YOUNG LLP	TEMENOS SYSTEMS UK
EXPERIAN LIMITED	TIETO
FEDERATION OF FINNISH FINANCIAL SERVICES	VAN DEN BERG AG
FIDELITY NATIONAL INFORMATION SERVICES (NL) BV	VOLANTE TECHNOLOGIES, INC
	XMLDATION OY



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