

REPORT OF THE BOARD 2021

ANNUAL GENERAL
MEETING
30 May 2022



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1. WELCOME

1.1 AN INTRODUCTION BY THE CHAIRMAN

When you try to tell a story about continuity and disruption, disruption always seems to get all the attention, regardless of whether it is positive or negative. This may not be very surprising since disruption clearly comes with a more gripping plot than continuity: non-stop action with unexpected twists causing excitement, awe or outright panic. The only problem with focusing exclusively on disruption is that you may end up missing a major part of the story.

Since the story of pan-European payments integration clearly is a tale of both continuity and disruption, I am pleased to share with you today a Report of the Board for 2021 that caters to both sides of the story: the need to understand and embrace disruption, but also the need to ensure continuity and a smooth transition from fragmentation to harmonisation.

Let me start with the focus on disruption first.

I think we all agree that, over the past two years, much of the disruption in payments has been of an exogenous nature: the Covid-19 pandemic and other disruptive crises with major

consequences have rightfully been capturing a lot of our attention and problem-solving capacities. But there has also been a great deal of disruption taking place within the payments sector itself by way of new market entrants, new business models and new technologies. At the Euro Banking Association, we closely monitor new, potential and accelerating trends, such as digital transformation, to better understand their disruptive potential, i.e. their impact on the ecosystem as well as the opportunities and threats they hold for industry players and stakeholders.

To this effect, during the period under report, the working groups in our Thought Leadership & Innovation stream added new chapters to their work on Open Banking, emerging payment technologies and enhanced liquidity management. The results were published in five new reports delivered between the beginning of 2021 and EBA Day 2022.

After delivering a comprehensive conceptual framework for evaluating and implementing digital operating models for Open Banking,



the Open Banking Working Group shifted their focus to the corporate customer perspective. The most recent report of the working group explores the potential of application programming interfaces (APIs) for financial services targeted at small and medium-sized enterprises (SMEs), a segment that so far has not been adequately served by Open Banking propositions due to its highly diversified needs.

The Cryptotechnologies, Smart Payments and Stablecoins Working Group recently delivered two reports exploring various aspects of digital currencies. The first report, released in March 2021, carried out an initial evaluation of the developments around central bank digital currencies (CBDCs) and stablecoins, and their potential impact on and integration into the existing financial ecosystem. In a second phase, the working group honed in on potential use cases and benefits, as well as on the role of commercial banks in a future CBDC ecosystem. The results were published in a research report in March 2022.

In 2021, The Liquidity Management Working Group zoomed in on the effects of the pandemic on trends in liquidity management. One of the conclusions of the resulting report was that financial institutions will have to address the question of real-time cash visibility going forward. Subsequently, the group started working on identifying what corporates will need in terms of real-time reporting. We look forward to the release of this report later in 2022.

Digitalisation and the technology to drive it have been the core topics of the Open Forum on Digital Transformation. In 2021, our expert speakers shared their insights on artificial intelligence (AI), cloud and platformisation, digital payments, and more. We are happy to report that the popular event series has continued to attract over 300 participants in its digital iteration in 2021. The first Open Forum session in 2022 examined how considerations on sustainability impact banks, corporates and fintechs. While the Open Forum is currently still meeting online, we hope to return to in-person meetings later this year.

Disruption is also a frequent driver in our second activity stream, Market Practices & Regulatory Guidance, but I would like to argue that continuity is much more relevant in that area. When our member community decides to develop a new business practice or taxonomy, it usually starts off from the same pain points but rarely from a joint clean slate. That is why continuity considerations, such as leveraging existing building blocks or designing a smooth migration path, play an important role in the creation process from day one of the discussion, as they will eventually help to facilitate adoption.

Our Market Practice & Regulatory Guidance work stream saw a great deal of activity and progress during the period under report as well. The new expert groups launched in 2020 and 2021 advanced well on their respective missions and provided key deliverables to the EBA membership. The common thread in the work of the EBA expert groups and sounding boards is pan-European harmonisation, regardless of the focus areas of the respective groups, which encompass the

fight against fraud, KYC processes, regulatory implementation and the roll-out of request to pay.

The Payments Regulation Sounding Board (PRSB) continued to scan the horizon of the regulatory landscape and provided advice to the EBA Board on areas to explore further. In 2021, the group supported the EBA with the delivery of a summary of the European Commission's Retail Payments Strategy and recommended the organisation of a workshop on the VAT Fraud Directive, which is to be followed up with another session later this year.

Throughout 2021, the EBA regularly reviewed the Content Portal on Cyber Regulations and Industry Standards, launched in 2020. Designed to add transparency, readability and conformity to relevant market regulations and industry standards, the e-repository offers our members a comprehensive helicopter view of all included frameworks from where they can easily dive into the ones that apply to their institutions.

The Expert Group on Payment Fraud-Related Topics (EGPF) released version 2.0 of the EBA Fraud Taxonomy to the EBA members for a first try-out phase, which began on 1 January 2022. First implementation initiatives are now underway, at bank-individual, regional and also at pan-European level. It is great to see that the taxonomy has been considered for different purposes from the start, including internal reporting, fraud intelligence and data sharing.

Another pain point that is high on the agenda of many financial institutions and the EBA is the divergency of KYC requirements across Europe, which is problematic for businesses with multi-country activities. In response to the need voiced by our members for more standardised and digitalisable KYC processes, both for corporate customers and banks, the EBA has been working on the "EBA CBCS – Common Baseline Classification Standard for Corporate-to-Bank KYC in low-risk situations", which consists of a harmonised set of datapoints for a standard corporate-to-bank KYC process in low-risk situations. Created and promoted by practitioners from 13 financial institutions



...continuity considerations, such as leveraging existing building blocks or designing a smooth migration path, play an important role in the creation process from day one of the discussion, as they will eventually help to facilitate adoption.»



of different sizes and from different regions to represent the European market, the EBA CBCS was published in April 2022 with the aim to support a uniform customer experience across Europe. With this first deliverable in hand, the contributing banks will now perform a gap analysis of requirements regarding the mapping of data and documents against the data points in the EBA CBCS.

Adding another chapter to the EBA's long track record of promoting pan-European payments ecosystem tools and supporting the migration of minds to new instruments, the Request to Pay Expert Group delivered an insightful report on corporate requirements and expectations with regard to request to pay based on input of corporates from 20 European countries. Findings from this report were shared with the wider industry via a number of community meetings and events, including three online deep-dive sessions into key use cases with over 500 participants in total. These sessions brought together representatives from corporates and financial institutions with a view to contributing to a demand and supply side exchange on request to pay at a pan-European level.

Our request to pay sessions were not the only highly successful digital events held over the past year. As any in-person events planning kept being disrupted in 2021, our members and many stakeholders joined us online for EBAday, our Open Forum on Digital Transformation events and our Global Seminar. With more than 1,700 attendees visiting the EBAday digital platform on the opening day alone, we certainly hosted a very popular and attractive event. But we have all been very eager to return to onsite meetings, conferences and seminars again and I am very happy many of us have the opportunity to meet in Vienna for our Annual General Meeting in 2022.

I would like to close my tour d'hORIZON with a big thank-you to all members of the Euro Banking Association for their continued support, which makes our European integration and harmonisation work possible. Special thanks go to the participants in our different workstreams and activities for their relentless commitment and contribution to the many deliverables I mentioned above. Over the past two years, they ensured continuity of our activities in the face of disruption – and

in many situations, they embraced disruption and sought new and better ways rather than sticking to the continuity of old and suboptimal, or even fragmented, ways.

Together with my Board colleagues, our Secretary General and the EBA team, who I would also like to thank for their commitment, we will continue to provide and nurture an environment where important building blocks and supporting elements for the pan-European payments ecosystem can be delivered in a cooperative cross-industry approach, for the benefit of the wider payments industry and its end users. Working towards turning a pan-European vision for payments into reality is our mission – and our way of translating continuity into change. Thank you for supporting us on this journey!



Wolfgang Ehrmann

1.2 AN INTRODUCTION BY THE SECRETARY GENERAL

Payments are increasingly becoming important as a market opportunity, as is testified by the rising demand for next-generation payment services. Next to other players, banks too recognise the opportunity for growth in payments: more than 90% of bank experts say that the range of payment transaction services represents a critical success component in their customer relationship. More than 80% view payment transaction services as an important and non-negligible component of the overall economic results of a bank.¹

While many well-known challenges such as responding to new regulatory requirements, the enlargement of the ecosystem towards new types of players, the need to bring down national fragmentation in many areas, and the attraction and retention of talent, to name a few, must continue to be mastered, we have been witnessing an important turn towards interaction of the payments area with other areas. Technology, operational resilience and

robustness, including the specific focus of cyber security, and sustainability are becoming increasingly interwoven with the payments area. This is, for example, also witnessed by the digital finance strategy that was issued by the European Commission (EC) and sets out a strategic outlook in that area.

To support the goals set by the digital finance and retail payments strategies, both the EC and the European Central Bank have called for the standardisation of processes and other enhancements to the infrastructure. Over the last couple of years, our industry has been preparing and implementing major projects such as new instant payment requirements (in 2021) or the migration of large-value payments to the ISO 20022 standard (scheduled to be completed in 2022). At the same time, the industry has also laid the foundation for the delivery of value-added services by developing the rules and key infrastructure components for the exchange of request to pay messages in



¹ The future of European payments - Strategic choices for banks; published by McKinsey & Company and the Euro Banking Association (EBA), November 2020



...it is essential to optimise the digital processes and to bring innovative end-to-end real-time products to the market to further advance the path to digitalisation. «



the Single Euro Payments Area (SEPA). Another area, where industry-driven infrastructure progress is under way is cross-border payments.

While the industry is still in the process of completing these comprehensive infrastructure upgrades, it should already start to focus on passing on the benefits to end customers. For example, the Covid-19 pandemic has intensified the influence of technology and digitalisation in payments and not only changed the way businesses and consumers want to pay, but also how they want to interact with their payment service providers. At the point of sale, the shift from cash-based to electronic or contactless payments using payment cards or mobile payment instruments has been further accelerated by the pandemic, which has also triggered a further rise of e-commerce transactions.

In this progressing digital payment reality, consumers want solutions that offer a frictionless, safe payment process and, as experience has shown, they are not waiting forever for their banks to deliver them. Thus, it is essential to optimise the digital processes and to bring innovative end-to-end real-time products to the market to further advance the path to digitalisation.

New instruments or payment procedures such as request to pay, instant payments or Buy Now Pay Later (BNPL) schemes are trendsetting for retail but also for corporate businesses in their daily financial interactions. Request to Pay, in particular, has the potential to open up new value-added services for the retail and the corporate sector. Expert interviews conducted as part of our market research "Request to Pay: what corporates want"² demonstrate that the demand side is keen to enhance commercial retail transactions with relevant, compelling, and differentiating services. While financial

² Request to pay – What corporates want (survey report); published by ppi and the Euro Banking Association (EBA), June 2021

institutions are still struggling with prioritising use cases and freeing up the necessary resources for related product developments, there is no doubt that request to pay could be a compelling game changer, specifically in combination with instant payments.

In addition to innovations in traditional payment instruments and processes, developments in digital currencies are nowadays a hot topic and may become of considerable importance for the wider economy as well if digital currencies would leave their niche. Although there is still a lot of uncertainty on the outcome specifically focusing on Europe, there seems to be a strong expectation at central bank level that central bank digital currencies (CBDCs) will play a considerable role in payments going forward. While commercial banks still have to determine their role in this emerging market environment and look for a suitable strategy (which may include issuing their own crypto tokens), there are other open questions regarding, for example, the anonymity of transactions and data protection.

At the same time, the topics that are important for the payments industry going forward are also touching broader subject matters. For example, members see value in a pan-European approach for the combatting of payment fraud and for KYC. The Association's activities in the field of regulatory guidance and market practices are particularly supporting the goal to create a more integrated financial market and are based on a pan-European practitioner's view.

At the Euro Banking Association, we are proud to embrace a wide range of stakeholders and we are eager to assist our members in finding strategic answers to the payments-related opportunities and challenges at hand. By fostering dialogue and experience exchange amongst payments industry practitioners, our topical value streams advance the understanding of new market trends and provide guidance on market implementation. At the same time, the EBA market practices and regulatory guidance streams support our members and the wider industry in identifying and tackling areas on the road to an innovative and prospering European

payments ecosystem that require pan-European cooperation and harmonisation.

With your engagement and input, the EBA team and I look forward to seeing this joint pan-European vision being put into reality in support of a truly European digital payments area for the benefit of your organisation as well as of the larger European payments industry and its customers.



Thomas Egner

1.3 MISSION AND CORE ACTIVITIES

The mission of the EBA is to foster dialogue and experience exchange amongst payments industry practitioners towards a pan-European vision for payments. We pursue our mission through involving member organisations and relevant stakeholders in thought leadership on innovation, helping our members to understand and implement regulation and by supporting the development of market practices.



THOUGHT LEADERSHIP & INNOVATION

WHY?

To advance the understanding of new market trends

HOW?

Open Banking Working Group
Cryptotechnologies, Smart Payments and Stablecoins Working Group
Liquidity Management Working Group
Open Forum on Digital Transformation



MARKET PRACTICES & REGULATORY GUIDANCE

WHY?

To provide guidance on practical implementation issues

HOW?

SCT Inst Migration Action Round Table (SMART2)
Payments Regulation Sounding Board
Expert Group on Pan-European KYC Requirements
Cyber Regulation Sounding Board
Expert Group on Payment Fraud-related Topics (EGPF)
Request to Pay Expert Group



NETWORKING & EVENTS

WHY?

To organise events fostering pan-European practitioner exchange

HOW?

EBAday
EBAday Business Fora
Local EBA Roadshow Sessions



TRAINING & EDUCATION

WHY?

To provide training & educational services on key industry topics to the EBA community

HOW?

Summer and Winter Schools
Global Seminars
EBA Liquidity Management Training Seminars
Webcasts

2. REPORT ON EBA ACTIVITIES IN 2021 AND OUTLOOK FOR 2022+

2.1 REPORT ON WORK STREAMS IN 2021 – OVERVIEW

Thanks to the commitment and contribution of the EBA community in 2021, the Association was in a position to deliver the following key achievements in its four core activity areas:

THOUGHT LEADERSHIP & INNOVATION:

- ≡ Open Banking Working Group: publication of the report “Ready or not? Gearing the bank operating model towards digital and Open Banking readiness”, a paper exploring the requirements for successfully initiating Open Banking on an operating model level, enriched with the input of digital leaders from 12 major European banks and complemented with two explanatory webcasts on implementing a digital operating model enabling and driving banks towards a true Open Banking readiness
- ≡ Liquidity Management Working Group: delivery of “The Covid-19 pandemic and the liquidity management ecosystem: where to go from here”, a report on the lessons learnt from the pandemic and on the trends and corporate liquidity management needs financial institutions should address going forward
- ≡ Cryptotechnologies, Smart Payments and Stablecoins Working Group: exploration of the potential opportunities and challenges that digital currencies hold for banks through the papers “Digital currencies: a first look at potential opportunities and challenges for banks” and “CBDC, stablecoins and beyond: a deep dive into new forms of digital money”
- ≡ EBA Open Forum on Digital Transformation: delivered three highly rated, full-day digital sessions to the community of pan-European payment practitioners covering different aspects of digitalisation, from innovation through technology to open finance



MARKET PRACTICES & REGULATORY GUIDANCE:

- ≡ EBA Expert Group on KYC-related Topics: delivery of a Common Baseline Classification Standard for Corporate-to-Bank KYC in low-risk situations to support a uniform customer experience across Europe
- ≡ Request to Pay Expert Group: publication of a comprehensive report detailing the findings of the EBA Request to Pay Survey and launch of a series of digital events zooming into the survey findings for specific use cases
- ≡ Expert Group on Payment Fraud-related Topics: finalisation of the EBA Fraud Taxonomy shared with the EBA members and key stakeholders in 2021 for a first try-out phase starting in January 2022 and launch of the first annual change cycle for this taxonomy
- ≡ Payments Regulation Sounding Board: monitoring of relevant regulations and regulatory initiatives with a direct and/or indirect impact on payments and evaluating requests from EBA members with regard to

activities in the field of regulatory guidance, and recommendation to hold a workshop to raise awareness around the EU VAT Fraud Directive

- ≡ Cyber Regulation Sounding Board: regular review and enhancement of the e-repository on payments-related cyber regulations with a focus on the integration of new market developments, industry standards and cybersecurity-related regulations

NETWORKING & EVENTS

- ≡ EBAday 2021: organisation of the second digital EBAday conference and exhibition, with a focus on “Payments transformation in 2021 – The road to success”. EBAday 2021 took place online for the second time in the history of the event. More than 2000 delegates and over 60 expert speakers and panellists discussed current topics such as request to pay, real-time payments, Open Banking, CBDCs and stablecoins. Delegates were offered a range of themed chatrooms, live video, and direct messaging as well as a virtual exhibition area.

- ≡ EBAday Online: organisation of two webcasts in the run-up to EBAday 2021 focussing on instant payments in a digital world and modernising retail payments in Europe
- ≡ Go-local event 2021: EBA roadshow in Ireland in Q2

TRAINING & EDUCATION

- ≡ EBA Global Seminar: “Real-time payments and Open Banking: new realities, new challenges”. The event hosted 21 lecturers from five continents, attracted over 50 participants on both days and received an average rating of 4.56 out of 5 by participants.

For detailed reports on the different activity areas and work streams in 2021, please turn to sections 2.3 to 2.6.

2.2 OUTLOOK FOR 2022 AND BEYOND – OVERVIEW

The work programme 2022 was presented to the EBA members as part of the Association's value proposition in December 2021 and covers the following new topics or aspects:

ACTIVITIES RELATED TO THE EBA'S EXPERT AND WORKING GROUPS, OPEN FORUM AND SOUNDING BOARD

- ≡ the use of APIs by PSPs in interfacing with SMEs and large corporations (Open Banking Working Group)
- ≡ further broadening the understanding of central bank digital currencies (CBDCs) and stablecoins (Cryptotechnologies, Smart Payments and Stablecoins Working Group)
- ≡ corporate needs for real-time reporting from a liquidity and cash management perspective (Liquidity Management Working Group)
- ≡ three thought leadership events: "Examining the various facets of Sustainability and ESG – A new horizon in Banking and Finance?" in March 2022, "What's New? What's Hot? What's Next? Transaction Banking in 2022 and beyond" in June 2022 and a third one

later in the year (EBA Open Forum on Digital Transformation)

- ≡ a follow-up session on the 2021 VAT Fraud Directive workshop following the publication of practical implementation guidance by the expert group set up by the European Commission to this effect (Payments Regulation Sounding Board)
- ≡ content updates to the e-repository on cyber regulations and industry standards and enhancement of the regulation/security domain mapping tool (Cyber Regulation Sounding Board)
- ≡ mapping of the data requirements defined by the Common Baseline Classification Standard against specific KYC data and documents to further support the development of a fully harmonised dataset (Expert Group on KYC-related Topics)
- ≡ launch of a broader Request to Pay Round Table with key stakeholders to contribute to the dialogue between the corporate demand and the product supply side (Request to Pay Expert Group)

- ≡ release and promotion of an updated version of the EBA Fraud Taxonomy upon conclusion of the first annual review cycle (Expert Group on Payment Fraud-related Topics)

ACTIVITIES RELATED TO EBA EVENTS

- ≡ EBAday 2022: "Bringing digital payments to the forefront" (physical event from 31 May to 1 June 2022)
- ≡ Go-local roadshows: launch of revamped onsite format in H2 2022
- ≡ EBA Summer School: "Mission Possible: Rich Data, Emerging Technologies, and the Future of Payments" (planned as a physical event from 4 to 6 July 2022)
- ≡ EBA Global Seminar: "Real-time payments and Open Banking: new realities, new challenges" (planned as a physical event on 6 and 7 October 2022)
- ≡ EBA Winter School: planned for November 2022 in La Hulpe, Belgium

A detailed outlook on the different activity areas and work streams for 2022 is included in the detailed reports on activities in sections 2.3 to 2.6.

2.3 THOUGHT LEADERSHIP & INNOVATION

2.3.1 OPEN BANKING WORKING GROUP (OBWG)

ACTIVITIES 2021

In 2021, the Open Banking Working Group (OBWG) developed a conceptual framework for evaluating and implementing digital operating models for Open Banking. As the digital transformation continues, banks need to rethink how they interact with customers, how to embrace the value of data while building digital trust and how to engage with the increasingly complex ecosystem to create reach and value for their customers and themselves.

In its report, the OBWG identified key elements, processes and challenges that accompany the successful transition to a digital operation model for financial institutions. The report provided actionable insights and a starting point for financial institutions to organise their digital journey. Its findings were enriched with insights from interviews with 12 digital leaders from eight major European banks, who are responsible for the digital strategy of their institution.

The report titled “Ready or not? Gearing the bank operating model towards digital and Open Banking readiness” was published in June 2021. Two online sessions were held on the findings of this report in September and October 2021, which attracted over 90 participants.



OUTLOOK FOR 2022

Open Banking holds great promise for optimising financial services for small and medium-sized enterprises (SMEs) and large corporations, both by making access to bank services simpler, faster and more integrated, as well as enabling new, innovative services. Yet, industry-wide value creation through application programming interfaces (APIs) is held up by fragmentation that hinders adoption. More industry collaboration on API standardisation is an important puzzle for leveraging open banking and instant payments and enabling full value for both SMEs and large corporations.

In its next report, the OBWG will investigate the use of APIs by PSPs in interfacing with SMEs in particular, explore the challenges, current state and potential of industry collaboration in this area. The report is scheduled for release around EBA Day 2022.

2.3.2 CRYPTOTECHNOLOGIES, SMART PAYMENTS AND STABLECOINS WORKING GROUP (CWG)

ACTIVITIES 2021

In March 2021, the Cryptotechnologies, Smart Payments and Stablecoins Working Group (CWG) released a report with the title “Digital currencies: a first look at potential opportunities and challenges for banks”. The report provides an overview of recent developments in digital currencies and explores how they could be integrated with the existing financial system. It concludes with an assessment of how banks and other payment service providers (PSPs) could take advantage of the opportunities and manage the challenges that the adoption of digital currencies is expected to present.

OUTLOOK 2022

Considering the increased interest in digital payments, the CWG decided to further broaden the understanding of central bank digital currencies (CBDCs) and stablecoins for EBA members and to contribute to industry discussions and preparations for the possible implementation and adoption of these innovations.

With its second report in the area of digital currencies, the CWG aimed to clarify the potential use cases and benefits, outline key design choices necessary for CBDC and stablecoins and highlight crucial areas for further research and engagement for central banks, commercial banks, and other relevant stakeholders.

The report titled “CBDC, stablecoins and beyond: a deep dive into new forms of digital money” was released in March 2022.

2.3.3 LIQUIDITY MANAGEMENT WORKING GROUP (LMWG)

ACTIVITIES 2021

As the Covid-19 pandemic disrupted business activities across the world from March 2020 on, the EBA Liquidity Management Working Group (LMWG) began exploring the implications the Covid-19 crisis had and continues to have for corporate treasury operations.

The pandemic has accelerated a number of emerging trends in liquidity management and helped crystallise questions that financial institutions will have to address as they continue to support their corporate clients. Two trends stand out in particular: the need for real-time cash visibility and greater scrutiny of cross-border intercompany loans. Both highlight the importance of digitalisation to gain access to dynamic and more granular data.

This data access would help increase cash flow visibility and make global account management easier for multinational corporate customers.

The Covid-19 crisis has shown that, going forward, corporates need technologies and services that can be more readily adopted or more easily adapted to handle unforeseen situations. To be able to support their corporate clients with such technologies and services, the financial services industry needs to continue to innovate.

These findings were published in a report called “The Covid-19 pandemic and the liquidity management ecosystem: where to go from here”, released in August 2021.

OUTLOOK 2022

Spurred by the advent of instant and real-time payment schemes and systems around the world, the acceleration of cash transfers will ultimately have a transformative effect on treasury operations. What is more, as detailed in the LMWG’s 2021 report, the unfolding economic crisis resulting from the pandemic revealed the critical importance of real-time cash visibility to maintain robust and agile access to liquidity.

Against this background, the LMWG will zoom in on the corporate needs of real-time reporting from a liquidity and cash management perspective in 2022.

2.3.4 OPEN FORUM ON DIGITAL TRANSFORMATION

ACTIVITIES 2021

The goal of the EBA Open Forum on Digital Transformation is to inspire payment practitioners by fostering a transparent, cohesive and broad discussion of the impact of digitalisation on the wider payments and transaction banking landscape. In this context, special emphasis is placed on topics around the increasing use of technology in general, such as artificial intelligence, data economy or cyber fraud. Next to directly payments-related topics, the Open Forum also addresses digital topics of inter-industry relevance, such as e.g. the future of work or cyber security developments.

Bringing in expert speakers from different corners, the forum meetings offer a great diversity of insights and perspectives on the industry's digitalisation journey. This enriches the debate on key milestones, opportunities and challenges of this journey as well as on

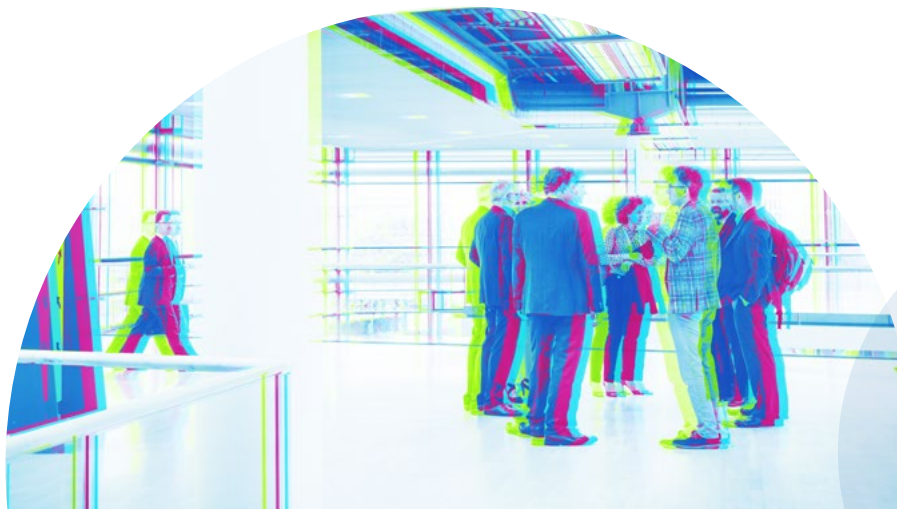
the potential ways to reach or address these. Moderated by an independent and neutral industry expert, the onsite events of the Open Forum are held in a highly interactive format, including breakout sessions.

In 2021, the EBA facilitated three Open Forum meetings – all held as digital events: “Innovation through technology: leveraging AI, cloud and platformisation to create the new normal”, held on 9 February 2021, “Payments in the EU – Modern, Safe and Digital!” on 9 June 2021 and “Moving beyond payments – What are the next steps in the digital transformation towards open finance?”, on 21 November 2021. The events attracted over 300 participants in total.

OUTLOOK 2022

The EBA Board has agreed to continue the work of the EBA Open Forum on Digital Transformation. In 2022, the Open Forum will continue its journey into the digitalisation of the business and the use of future-oriented technologies.

A first event on “Examining the various facets of Sustainability and ESG – A new horizon in Banking and Finance?” was held on 8 March 2022. Two more are to follow in 2022, with the first one focussing on “What's New? What's Hot? What's Next? Transaction Banking in 2022 and beyond” on 27 June 2022.



2.4 MARKET PRACTICES & REGULATORY GUIDANCE

2.4.1 PAYMENTS REGULATION SOUNDING BOARD (PRSB)

ACTIVITIES 2021

In line with its mandate to assess the need for dedicated EBA activities focusing on specific payment regulations or regulatory initiatives and serve as an advisory body to the EBA Board in this area, the Payments Regulation Sounding Board (PRSB) in 2021 continued to monitor European regulatory activities with a direct or indirect impact on the payments value chain and on EBA member institutions and to evaluate requests from EBA members with regard to activities in the field of regulatory guidance.

The PRSB is composed of practitioners from nine different EBA member institutions from all corners of Europe. Through their product, clearing or legal backgrounds, the PRSB members bring to the table a diversity of perspectives. All of them are involved in the payments regulatory monitoring and assessment work of their respective institutions or national communities.

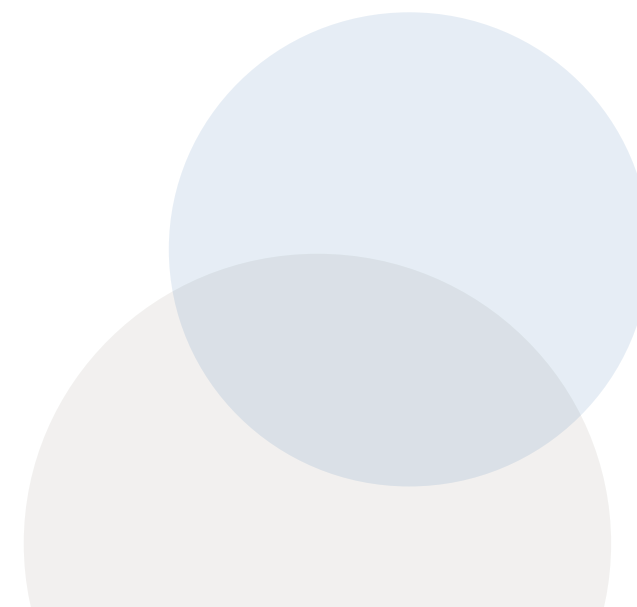
Following a dedicated meeting on the European Commission's Retail Payments Strategy in December 2020, the EBA delivered a hands-on summary of this document with the support of the PRSB, which was shared with the EBA membership in early 2021.

Upon recommendation of the PRSB, the EBA Board agreed for the EBA to hold a workshop activity on the VAT Fraud Directive (Council Directive (EU) 2020/284 of 18 February 2020), which introduces certain requirements for payment service providers to record and report information in order to support the combat against VAT fraud. The workshop took place on 29 September 2021. Among its 27 participants from 11 countries, it facilitated an exchange on the potential impact of the Directive. A summary geared at raising awareness about the key implications of this Directive was published in April 2022.

OUTLOOK 2022

It is planned that a follow-up session on the 2021 VAT Fraud Directive workshop will be organised in 2022 following the publication of practical implementation guidance by the expert group set up by the European Commission to this effect.

Other potential proposals for activities on regulatory guidance are under continuous investigation by the PRSB.



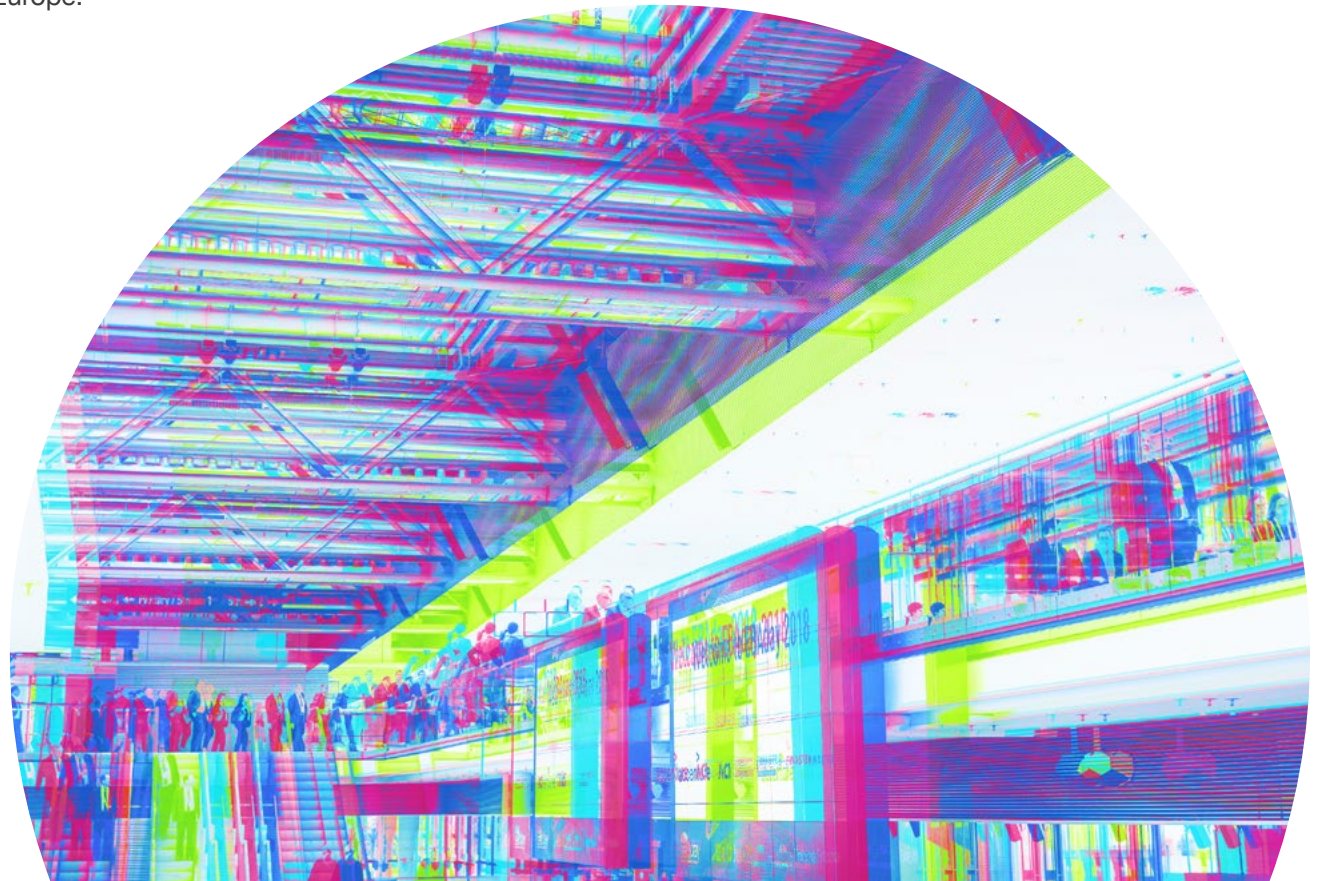
2.4.2 SCT INST MIGRATION ACTION ROUNDTABLE (SMART2)

ACTIVITIES 2021

As an infrastructure-agnostic forum for AS-PSPs geared at bringing clarification to instant payment migration-related issues and to work towards defining industry best practices, the SCT Inst Migration Action Round Table (SMART2) continued in 2021 to provide its participants with a facility for consultations on issues of an operational nature impacting a smooth end-to-end execution of instant payments in SEPA that might benefit from joint analysis. The group is logistically supported by the Euro Banking Association. In 2021, participants considered a number of SCT Inst-related topics but did not retain any topics for follow-up in the context of SMART2 actions.

OUTLOOK 2022

SMART2 remains ready for activation at the request of any of its participants to address any practical infrastructure and scheme-independent issues that may affect the continuing ramp-up of instant payments across Europe.



2.4.3 CONTENT PORTAL ON CYBER REGULATIONS AND INDUSTRY STANDARDS

ACTIVITIES 2021

To help its members understand and deal with existing and future cyber-related industry frameworks, the EBA delivered a first version of an e-repository on cyber regulations and industry standards in September 2020, which has been reviewed on a regular basis since then.

The aim of this online portal is to provide transparency, basic descriptions and a standardised view on relevant market regulations and industry standards, as well as on their specific impact on the banking and payments industry. Furthermore, the repository is geared toward identifying a best practice framework and relevant guidance on how to implement new or validate already existing security processes or domains. Relevant regulations and industry initiatives covered in version 1 of this repository include, among

others, PSD2, GDPR, TIBER, SWIFT CSP, PCI DSS and NIST.

The delivery of the e-repository was supported by a Cyber Regulation Sounding Board composed of high-level industry specialists and practitioners who are actively involved in the field of cyber- and security-related industry activities.

In September 2021, the portal was equipped with an enhanced navigator function, which allows EBA members to determine, based on their market activity profile, whether a regulatory framework or industry standard is applicable to their specific institution.

In December 2021, a mapping functionality of regulations and/or industry standards on predefined security domains and vice-versa was implemented. This mapping allows to individually identify all security domains which are directly impacted by a given regulation or immediately get an overview of all regulations and industry standards per security domain.

OUTLOOK 2022

The e-repository on cyber regulations and industry standards will continue to be periodically updated in line with market developments, based on the guidance provided by the sounding board. For 2022, it is planned, in particular, to add new market regulations, such as DORA or the Outsourcing Guidelines by the European Banking Authority. Furthermore, the e-repository should also be equipped with an enhanced version of the regulation/security domain mapping tool.



2.4.4 EXPERT GROUP ON PAYMENT FRAUD-RELATED TOPICS (EGPF)

ACTIVITIES 2021

To match the speed of instant payments and their increasing adoption throughout Europe, fraud prevention and detection tools not only have to be fast but should also be able to follow fraud across borders and allow relevant parties to join forces in fighting it. Assembling individual pieces of the puzzle to see the whole picture is expected to make a major difference for fraud detection and prevention alike, which is why practitioners have stepped up activities to make progress in both areas.

To support industry efforts in this area, the EBA launched the Expert Group on Payment Fraud-related Topics (EGPF) in 2020 to consider a pan-European fraud intelligence approach.

The group has developed the EBA Fraud Taxonomy which has been designed to help streamline fraud categorisation, fraud

reporting as well as payment fraud-related data and intelligence sharing. The taxonomy is aligned with the guidelines on fraud reporting under PSD2 issued by the European Banking Authority (EBA), which have already been implemented by PSPs across Europe. The taxonomy can be used by PSPs in different ways as they see fit, depending on their needs.

In July 2021, the EBA Fraud Taxonomy version 2.0 was released to the financial institutions in the Association's membership for a first try-out phase. The aim is to gather practical experience in deploying this pan-European taxonomy.

With the release of the document, the EBA encouraged its members to consider implementation of the EBA Fraud Taxonomy at the level of individual institutions and possibly at national or regional fraud combatting initiatives by 1 January 2022. This implementation date was chosen because it coincides with the start of the next annual reporting period. First organisations have already indicated their interest in implementing the taxonomy for 2022 or 2023.

To ensure that the EBA Fraud Taxonomy evolves in line with the latest insights provided by fraud experts on how to effectively categorise fraud types, it is subject to an annual review and updating process. On 15 October 2021, the EBA launched the first annual change cycle with a call for change requests to the Association's Member Representatives.

Furthermore, the EGPF recognises mule accounts as a high priority area where intelligence and data sharing at a pan-European level would be beneficial to aid individual institutions in their fraud-combatting efforts. In 2021, the EGPF finalised a proposal on data points related to mule accounts that could ideally be shared in a fraud-combatting context. In a next step, the EGPF identified obstacles and/or challenges as well as other points that should be considered regarding data sharing on mule accounts at a pan-European level.

This analysis confirmed that the interpretation of legal requirements relevant to data sharing to combat payment fraud in most institutions has led to the conclusion that sharing of specific

data at a pan-European – or even only national – level is not allowed except in specific cases.

OUTLOOK 2022

The first round of the review and updating process applicable to the EBA Fraud Taxonomy is planned to result in the release of version 3.0 of the taxonomy in June 2022. This would allow users to deploy the updated version of the taxonomy by the end of December 2022 for implementation effective on 1 January 2023. The Association will continue its activities designed to raise awareness of the objectives of the EBA Fraud Taxonomy with a view to facilitating intelligence and data sharing across national borders in support of the industry's efforts to combat payment fraud.

The sharing of data elements related to mule accounts would be a big step forward for the fraud fighting efforts of PSPs across the Single Euro Payments Area. The EGPF is looking for ways to support this need at a pan-European level. The EBA Board supported the group's conclusion that further steps should be taken,

possibly in cooperation with other industry bodies, to seek clarification from competent authorities or other relevant actors on the requirements that would have to be met to facilitate the sharing of data related to mule accounts at a pan-European level to support the fraud fighting efforts of PSPs across SEPA.

2.4.5 EBA EXPERT GROUP ON KNOW YOUR CUSTOMER- RELATED TOPICS (KYCEG)

ACTIVITIES 2021

Based on the preparatory work of an initial expert group, the EBA created a dedicated KYCEG with a pan-European representation to develop an “EBA Common Baseline Classification Standard for Corporate-to-Bank KYC in low-risk situations (CBCS)”. This baseline standard was developed throughout 2021. It defines datapoints, which, in standard due diligence situations, need to be collected from a corporate customer or a regulated financial institution on a periodic basis. Harmonised KYC data requirements will significantly reduce national divergencies and allow for a level playing field across the internal market while enabling more standardised and automated digital processes both for customers and banks.

OUTLOOK 2022

The EBA CBCS was finalised in the first quarter of 2022 and released in April 2022.

In a next phase, and in order to unlock the full potential of the Common Baseline Classification Standard, the KYCEG will explore the mapping of data and documents against the defined data points.

During the next phase of its activities in 2022, and to further contribute to the development of a fully harmonised dataset, the KYCEG will put a particular focus on divergencies that apply because of differences in national procedures, data definitions, guidelines or standards, which could lead to differing requirements depending on the location of the provider of KYC data (corporate customer) and/or the consumer of KYC data (financial institution).

2.4.6 REQUEST TO PAY EXPERT GROUP

ACTIVITIES 2021

The European payments industry delivered the Single Euro Payments Area (SEPA) Request-to-Pay Scheme in June 2021. As with previous initiatives aimed at strengthening and modernising the pan-European payments ecosystem, the EBA has been striving to support the awareness-building process and dialogue that are needed as a basis for a successful implementation of this new tool on the supply and demand side.

To this end, from Q3 2020 to Q1 2021, the EBA carried out a survey on request to pay addressed at corporate experts. Work on the survey was taken forward with the support of the bank practitioners represented in the EBA's Request to Pay Expert Group and in cooperation with PPI. In June 2021, the EBA published a detailed report on the comprehensive survey findings.

Answers to the questionnaire were submitted by 113 respondents from 20 countries. The typical respondent was either a payment professional or a corporate treasurer, located in Germany, Italy or France, representing a large multinational company operating in the B2C and B2B space and already aware of the new pan-European request to pay instrument. While the survey was not aimed at providing a representative corporate view on request to pay, the results nevertheless indicate first trends in relation to the corporate perception of this still-to-be-deployed SEPA instrument. In particular, they reveal a considerable degree of homogeneity in the views of forward-looking corporate payment experts representing European companies with a regional or global footprint.

The findings show that overall interest among survey respondents in a pan-European request to pay instrument is tremendously high: close to 100% of them show an interest in the use of the new instrument and support the offering of a Europe-wide mode of operation for request to pay. Roughly nine out of 10 would also be

interested in using request to pay for cross-border payments in Europe. Respondents also already identified several areas where further action would be needed to boost the introduction of request to pay and fully unlock its benefits for both payees and payers.

To kickstart the conversation on how to reap the significant potential of request to pay, the EBA launched a series of digital events in 2021 to deep-dive into the findings related to the specific use cases examined with the survey: point of sale/interaction, online commerce, recurring payments and e-invoicing. With each session featuring a dialogue between a corporate and a bank representative, this online format also supported the exchange between corporates and their service providers on how to tackle the voiced needs and pain points in practice. A total of 517 attendees participated in the three events delivered as part of the series. Of those, 281 participated in the session focusing on request to pay at the POS/POI, which took place in March 2022.

OUTLOOK 2022

Going forward, the EBA is envisaging the launch of a broader Request to Pay Round Table with key stakeholders. The aim is to broaden the dialogue between the corporate demand and the product supply side in order to help PSPs and other providers to determine priorities and identify missing elements for request to pay products that support innovative end-user solutions based on fully integrated digital messaging and payment processes.

2.4.7 CONTRIBUTION TO THE EVOLUTION OF THE PAN-EUROPEAN PAYMENTS ECOSYSTEM

The 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:

EUROPEAN PAYMENTS COUNCIL (EPC)

The EPC represents payment service providers (PSPs) on all European payment issues. Its goal is to contribute to harmonise payments in SEPA, ultimately supporting European competitiveness and innovation. In constant dialogue with stakeholders and regulators at European level, the EPC supports and promotes the integration and development of European payments. The primary task of the EPC is the management of four payment schemes that facilitate over 40 billion

transactions each year. The EBA is a member of the EPC.

GLOBAL SUPPLY CHAIN FINANCE FORUM (GSCFF)

Together with the International Chamber of Commerce (ICC), the Bankers Association for Finance and Trade (BAFT), Factors Chain International (FCI) and the International Trade and Forfaiting Association (ITFA), the EBA continues to promote the use of standard definitions for techniques of supply chain finance. The GSCFF was established in January 2014, as an initiative of these industry associations, to address the need for developing, publishing and championing a set of commonly agreed standard market definitions for Supply Chain Finance (SCF) and for SCF-related techniques. This initiative triggered and helped to drive the much-needed standardisation of the SCF industry.

2.5 NETWORKING & EVENTS

The EBA organises events that enable payment practitioners to broaden their understanding of the payments and transaction banking industry and to directly interact with peers from organisations that are active in payments and transaction banking across Europe and beyond.

2.5.1 EBADAY 2021 AND BUSINESS FORA

ACTIVITIES 2021

In 2021, the Association's flagship event, the conference and exhibition EBAday, took place as a fully digital event from 28 to 30 June. It featured a 21-session programme hosted on a custom-built platform, which included live panel sessions and strategic roundtables as well as pre-recorded videos, such as the welcome by the EBA Chairman, the host sponsor keynotes and a challenge speech.

The focus of EBAday 2021 was reflected in its title: "Payments transformation in 2021 – The road to success". Consequently, the agenda

provided a wide variety of insights into globally relevant topics, ranging from digitalisation to CBDCs and stablecoins, request to pay, real-time payments, Open Banking, ISO 20022 migration, liquidity management, correspondent banking as well as collaboration and partnerships.

EBAday 2021 was the second digital event in its 16-year history. The custom-built platform on which EBAday ran went live on 21 June to allow exhibitors and visitors to familiarise themselves with its new features and processes. As in 2020, EBAday ran over three days. Overall, 1,703 visitors joined EBAday on its first day, 1,357 on its second day and 1,007 on its third day.

To compensate for the limited interaction opportunities during the live conference, the EBAday 2021 platform offered one themed chatroom for each day, where visitors were able to exchange views on the topics of CBDC and stablecoins, Open Banking and payments regulation, each supported by an expert EBA Board member. Two hosts led through the



event by guiding participants through EBAday's digital offering. The platform remained open for another 14 days after the live event, and registered visitors were able to (re-) watch all sessions as on-demand videos.

The EBAday exhibition was comprised of virtual booths, where visitors were able to gain an overview of the exhibiting organisation, download material, chat, and ask questions. The exhibition featured 52 companies, including 12 fintechs. The EBA, too, was present with a virtual booth.

In the context of EBAday, the Association also organised a side event. A joint session with PPI on "Request to Pay: what corporates want" featured first findings from the pan-European request to pay-related survey conducted among corporates and was attended by over 170 participants.

In preparation for EBAday 2021, the EBA and Finextra also organised two EBAday Online webcasts, which acted as digital replacements of the in-person EBAday Business Fora of previous years. The webcasts were well attended, with over 550 people registering for each webcast on average. The topics

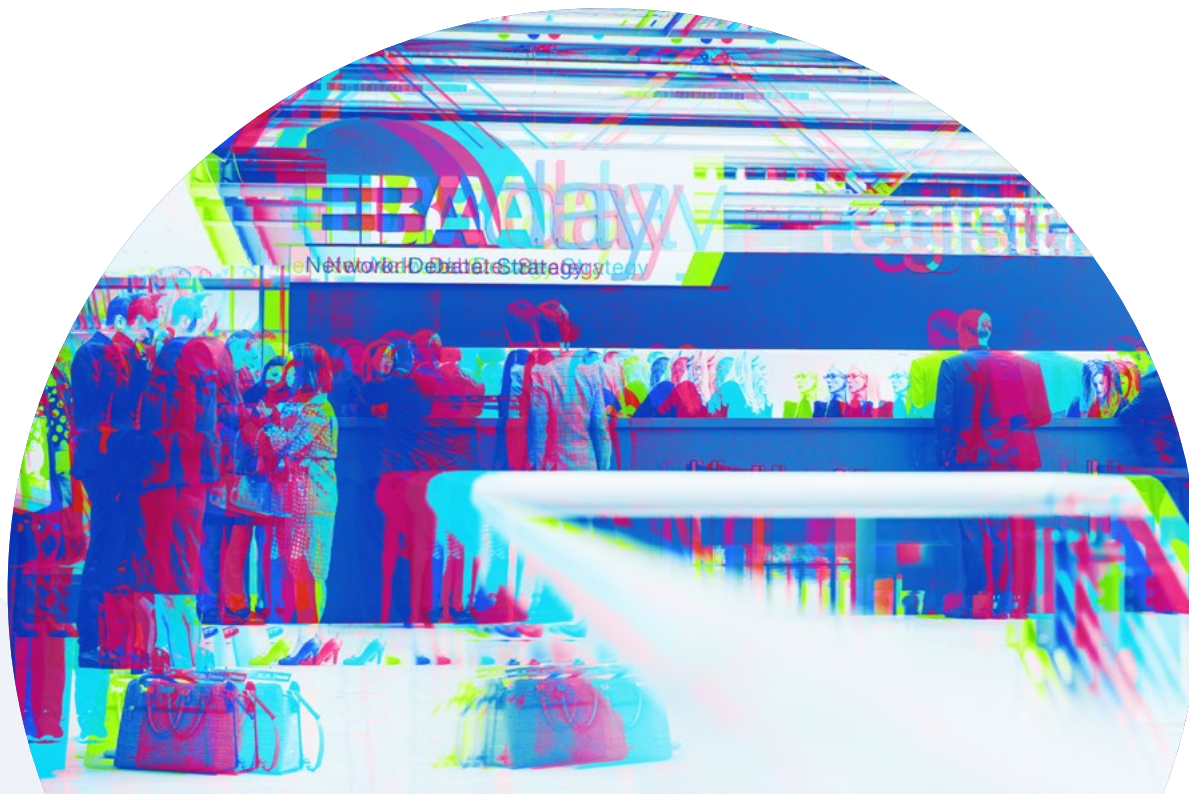
discussed reflected parts of the EBAday conference programme.

OUTLOOK 2022

As the Covid-19 pandemic is predicted to abate in the course of 2022, the Euro Banking Association decided to hold EBAday 2022 again as a physical event. Under the headline "Bringing digital payments to the forefront", the event is planned to take place in Vienna, Austria, on 31 May and 1 June 2022.

As before the pandemic, the Euro Banking Association will showcase its activities and thought leadership deliverables at a dedicated EBAday stand and the EBA Lounge, where members of different EBA working and expert groups can share and discuss key findings and recommendations with interested EBAday attendees.

The EBAday Business Forum series will also be continued.



2.5.2 LOCAL EBA ROADSHOW SESSIONS

The EBA's local roadshow sessions are aimed at deepening the regional footprint of the EBA, directly feeding its findings into the different local communities and fostering the exchange with and among payments and transaction banking experts from the respective communities. The sessions are held in the local language and targeted at EBA Members operating in a specific regional or local market.

The EBA roadshow sessions are organised with the support of local EBA Board members or member representatives and featured speakers from the respective communities participating in different EBA working groups and/or other EBA-facilitated expert groups. These sessions provide detailed updates on payment developments and trends discussed in the different EBA activity streams, including insights into thought leadership discussions, guidance on regulatory matters or market practices and topics covered in the educational seminars of the Association.

ACTIVITIES 2021

Due to Covid-19-related meeting and travel restrictions across Europe, no local EBA roadshow sessions were held in 2021. Instead, the first digital local roadshow session took place in Ireland on 12 May 2021 under the headline "An Irish outlook on the European payments environment". Hosted with the support of the Banking and Payments Federation Ireland, the 90-minute session featured 10 speakers from the local community and attracted almost 60 participants.

OUTLOOK 2022

In February and April 2022, two online roadshow sessions were held at the invitation of the banking associations of the Czech Republic respectively Slovenia.

The local roadshow format is currently being revamped in preparation of the first onsite sessions in the second half of 2022.

2.6 TRAINING & EDUCATION

2.6.1 SCHOOLS AND SEMINARS

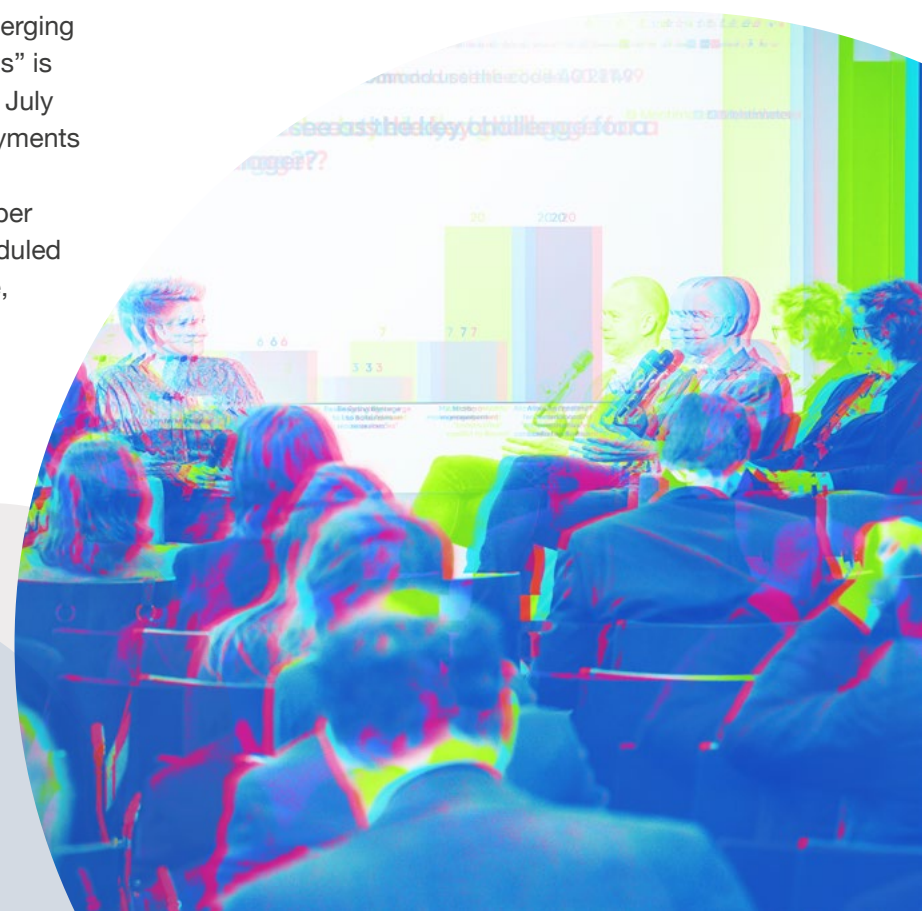
ACTIVITIES 2021

Due to continued Covid-19-related restrictions, the EBA decided to postpone or virtualise its educational events in 2021.

The fifth EBA Global Seminar, which again focused on real-time payments and Open Banking, took place on 7 and 8 October 2021 digitally. Participant numbers remained stable compared to 2019 onsite events.

OUTLOOK 2022

The EBA plans to hold three educational events in 2022. They are planned to take place physically again, taking into account the Covid protocols of each location. The EBA Summer School “Mission Possible: Rich Data, Emerging Technologies, and the Future of Payments” is to take place in Nice, France, from 4 to 6 July 2022. The Global Seminar “Real-time payments and Open Banking: new realities, new challenges” will be held on 6 and 7 October 2022 and the EBA Winter School is scheduled to be held in November 2022 in La Hulpe, Belgium.



2.7 MARKETING AND COMMUNICATIONS

2.7.1 EBA WEBSITE AND EBA MEMBER PORTAL

In 2021, the EBA website was continually updated to reflect the latest working group findings and practitioners' recommendations as well as information about the Association's events and educational activities.

A new feature went live on the EBA Member Portal in December 2021: EBA members can now easily find out who of their colleagues participate in the different working groups and expert groups of the EBA. The new feature allows EBA members to have greater visibility on their organisation's participation in the EBA workstreams and governance. Furthermore, the EBA Cyber Regulation E-Repository was upgraded to include a regulation/security mapping function. The requirements a certain regulation or guideline has for various security domains can now be looked up in a fast and easy fashion.

2.7.2 EXTERNAL CONFERENCES

As in previous years, the Association contributed updates on its different work streams and findings to conferences and events throughout the year, including customer and industry meetings held by EBA Members and Associate Members. Most of these events took place online.

2.7.3 EBA AT A GLANCE – INTERACTIVE MARKETING FLYER

In Q2 2021, the EBA issued a marketing flyer in a new digital interactive design. The seven-pager presents information on the EBA, its work streams as well as the topics they cover. Readers get an overview of the current EBA activities and most recent deliverables. The document links to the EBA website, so readers can easily move on to learn more about specific working and expert groups and to download publications. An updated version of the marketing flyer is planned for Q2 2022.

2.7.4. EBA NEWSLETTERS

In 2021, the EBA, together with EBA CLEARING, released three EBA Insight newsletters to the EBA community containing updates on the EBA workstreams in various formats, including interviews, short articles, and event overviews. The EBA Insight newsletter reaches over 1,000 members of the EBA and EBA CLEARING community.

The EBA also puts together a monthly Payments Monitor newsletter, which is shared with close to 700 members and provides an overview of current payments news, wider industry developments as well as updates on EBA deliverables and events.

3. EBA BOARD AND MEMBERSHIP

3.1 CHANGES IN THE BOARD OF THE ASSOCIATION

EBA Members approved the appointment of the following Board members (each for a three-year term of office) through a correspondence vote closed on 25 June 2021:

Deputy Chairman

- ≡ José Carlos Vicente (Banco Comercial Português SA)

Other Board members

- ≡ Han Joosten (Rabobank)
- ≡ Claudio Magnaghi (Banco BPM)
- ≡ Simon McConnell (Citibank Europe Plc)
- ≡ Sharon Donnelly (Bank of Ireland)
- ≡ Rocío Jiménez Sánchez (CaixaBank)



3.2 BOARD OF THE EURO BANKING ASSOCIATION

Since 25 June 2021 the Board has been composed of the following persons:

POSITION	BANK	END OF MANDATE
CHAIRMAN		
Wolfgang Ehrmann	Landesbank Hessen-Thüringen (Helaba)	AGM 2022
DEPUTY CHAIRMAN		
José Vicente	Banco Comercial Português	AGM 2024
OTHER BOARD MEMBERS		
Krister Billing	Skandinaviska Enskilda Banken	AGM 2022
Nicola Coyne	Barclays Bank	AGM 2023
Philippe Debrue	Belfius Bank	AGM 2023
Sharon Donnelly	Bank of Ireland	AGM 2024
Gerald Hechl	Raiffeisen Bank International	AGM 2022
Rocío Jiménez Sánchez	CaixaBank	AGM 2024
Han Joosten	Rabobank	AGM 2024
Tino Kam	Nordea Bank	AGM 2023
Claudio Magnaghi	Banco BPM	AGM 2024
Simon McConnell	Citibank Europe	AGM 2024
Andrea Meier	DZ BANK	AGM 2022
François-Xavier Nivoit	HSBC Continental Europe	AGM 2023
Serge Wagener	Banque et Caisse d'Epargne de l'Etat	AGM 2023

EBA BOARD MEETINGS

In 2021, the Board met on:

- ≡ 25 and 26 February
- ≡ 14 and 15 April
- ≡ 6 and 7 May
- ≡ 21 May
- ≡ 7 and 8 September
- ≡ 16 November

Since 1 January 2022, the Board has met on:

- ≡ 25 and 26 February
- ≡ 28 April
- ≡ 10 May

BOARD OF THE EURO BANKING ASSOCIATION



Wolfgang Ehrmann
Chairman
LANDESBANK HESSEN-
THÜRINGEN
Appointed on 17/06/2019
End of mandate: AGM 2022



Vincent Brennan
Deputy Chairman
BANK OF IRELAND
Appointed on 17/06/2019
End of mandate: 25/06/2021



José Vicente
Deputy Chairman
BANCO COMERCIAL
PORTUGUÊS
Appointed on: 25/06/2021
End of mandate: AGM 2024



Krister Billing
SEB
Appointed on 17/06/2019
End of mandate: AGM 2022



Nicola Coyne
BARCLAYS BANK
Appointed on 26/06/2020
End of mandate: AGM 2023



Philippe Debrue
BELFIUS BANK
Appointed on 26/06/2020
End of mandate: AGM 2023



Sharon Donnelly
BANK OF IRELAND
Appointed on 25/06/2021
End of mandate: AGM 2024



Gerald Hechl
RAIFFEISEN BANK
INTERNATIONAL
Appointed on 17/06/2019
End of mandate: AGM 2022



Han Joosten
RABOBANK
Appointed on 25/06/2021
End of mandate: AGM 2024



Soey Tin (Tino) Kam
NORDEA BANK ABP
Appointed on 26/06/2020
End of mandate: AGM 2023



Fernando Lardiés
BANCO SANTANDER
Appointed on 11/06/2018
End of mandate: 25/06/2021



Rocío Jiménez Sánchez
CAIXABANK
Appointed on 25/06/2021
End of mandate: AGM 2024



Claudio Magnaghi
BANCO BPM
Appointed on 25/06/2021
End of mandate: AGM 2024



Simon McConnell
CITIBANK EUROPE
Appointed on 25/06/2021
End of mandate: AGM 2024



François-Xavier Nivoit
HSBC CONTINENTAL EUROPE
Appointed on 26/06/2020
End of mandate: AGM 2023



Serge Wagener
BANQUE ET CAISSE
D'ÉPARGNE DE L'ÉTAT
Appointed on 26/06/2020
End of mandate: AGM 2023



Jürgen Wendt
DZ BANK
Appointed on 17/06/2019
End of mandate: 16/04/2021



Andrea Meier
DZ BANK
Appointed on 03/05/2021
End of mandate: AGM 2022

3.3 CHANGES IN EBA MEMBERSHIP

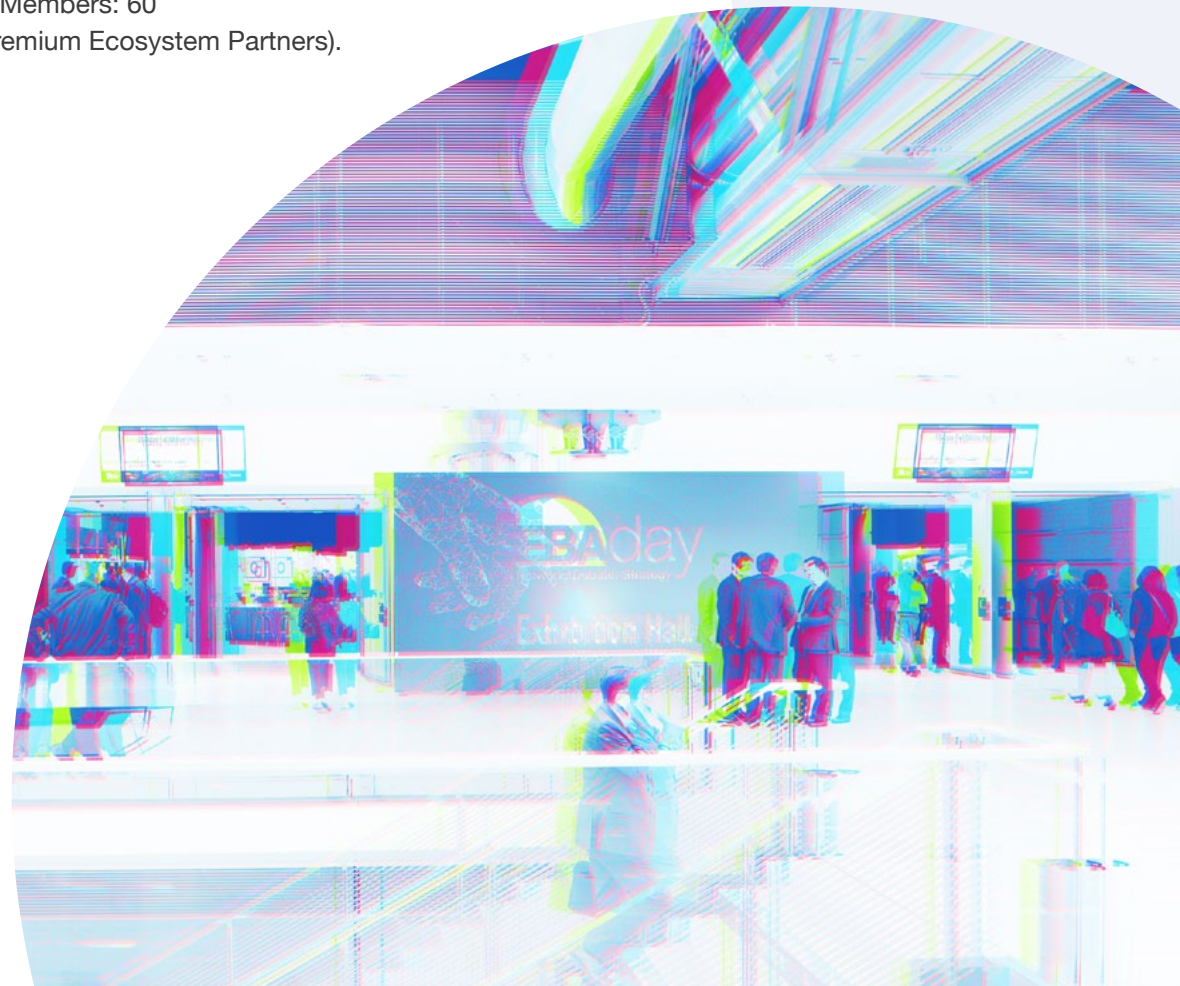
Since 25 June 2021 until 15 May 2022, both the number of EBA Members and the number of EBA Associate Members have remained stable with the decrease (-2) in the number of Members compensated by the increase (+2) in the number of Associate Members (Ecosystem Partners).

With the Premium Ecosystem Partner membership, the EBA has created an additional membership category to better accommodate different levels of engagement. Premium Ecosystem Partners benefit from package deals and enhanced partnership opportunities in relation to EBA networking and educational activities.

3.4 MEMBERSHIP FIGURES

As at 15 May 2022, the total number of EBA Members and Associate Members was the following:

- ≡ EBA Members: 99
- ≡ EBA Associate Members: 60
(including 11 Premium Ecosystem Partners).



4. FINANCIAL SITUATION, P&L STATEMENT AS AT 31 DECEMBER 2021

The Association ended the fiscal year 2021 with a net positive result of EUR 84 K, i.e. a positive difference of EUR 244 K compared to the budgeted year-end result of EUR -160 K. This positive result was achieved despite the continued challenging market conditions impacted by the Covid-19 pandemic.

Together with the stable development of the Association's membership figures, the two activity streams "Networking and Events" and "Training and Education" strongly contributed to this positive result again, in spite of the restrictions affecting corporate meetings and travel across Europe. This strong positive income will help the Association to further strengthen its financial reserves.

4.1 OVERALL EXPENSES INCURRED IN 2021

The expenses of the Association remained stable and amounted to EUR 1.75 M in 2021, compared to EUR 1.8 M in 2020. It should, however, be noted that this stability is mainly ascribed to a lower than expected cost level of support and educational activities, due to the continued pandemic-related meeting and travel restrictions.

4.1.1 EBA SUPPORT ACTIVITIES

Activities organised by the Association to support its members mainly cover three areas:

- ≡ the operation of three different working groups and the Open Forum on Digital Transformation under the "Thought Leadership and Innovation" stream
- ≡ the running of six expert groups or activities under the "Market Practice and Regulatory Guidance" stream
- ≡ the participation of the Association in important industry events



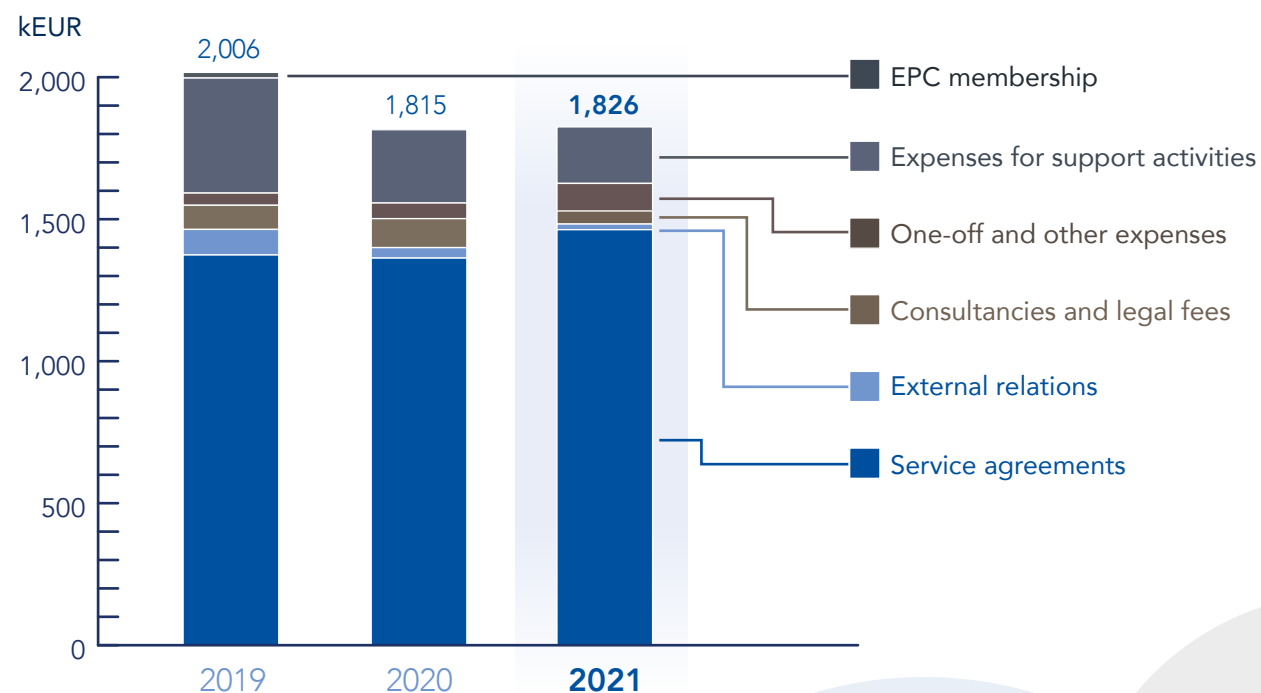
The expenses relating to these activities amounted to EUR 199 K in 2021, compared to 258 K for 2020. This decrease was again partially caused by the aforementioned impact of pandemic-related restrictions on external relationship and travel activities.

4.1.2 GENERAL ADMINISTRATIVE EXPENSES

This item contains the HR administrative and support expenses, the rent of premises and office space, generic expenses for external relations, such as the Association's engagement in industry bodies and initiatives fostering the development of the pan-European payments ecosystem as well as consultancies and any legal fees that are not related to any specific support activity of the Association.

The level of these expenses grew from EUR 1.5 M in 2020 to EUR 1.6 M in 2021, mainly due to an increase in consulting services, legal fees and adjustments brought to HR and service agreements.

EVOLUTION OF EXPENSES



4.2 REVENUES IN 2021

The total revenues of the Association amounted to EUR 1.9 M in 2021. This figure contains both membership fees and revenues contributed by the Association's networking and educational offerings.

which was again organised as a fully digital event based on an improved version of the 2020 interactive online platform, was the main contributor to this success.

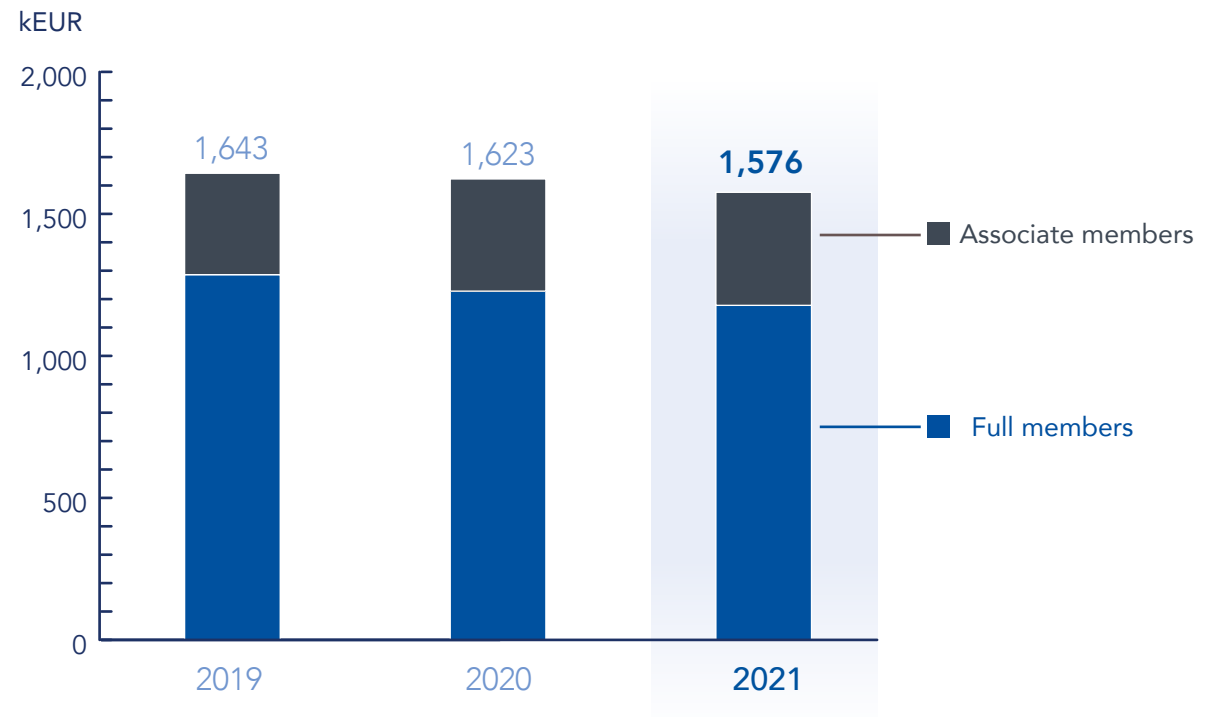
4.2.1 MEMBERSHIP REVENUES

The 2021 membership fees stood at EUR 1576 K, which represents a slight decrease compared to EUR 1623 K in 2020.

4.2.2 NON-MEMBERSHIP REVENUES

This revenue category includes the self-sustained activities of the Association, i.e. the networking and educational activities that were digitally organised by the Association in 2021. These activities generated a positive margin during the past year, providing the Association with extra income of EUR 335 K. Compared to a budgeted amount of EUR 340 K, this was a strong result, given that neither the planned Summer nor Winter School took place. EBAday,

MEMBERSHIP FEE STRUCTURE: ACTUALS 2019 – 2021



4.3 INCOME TAX AND RESULTS FOR 2021

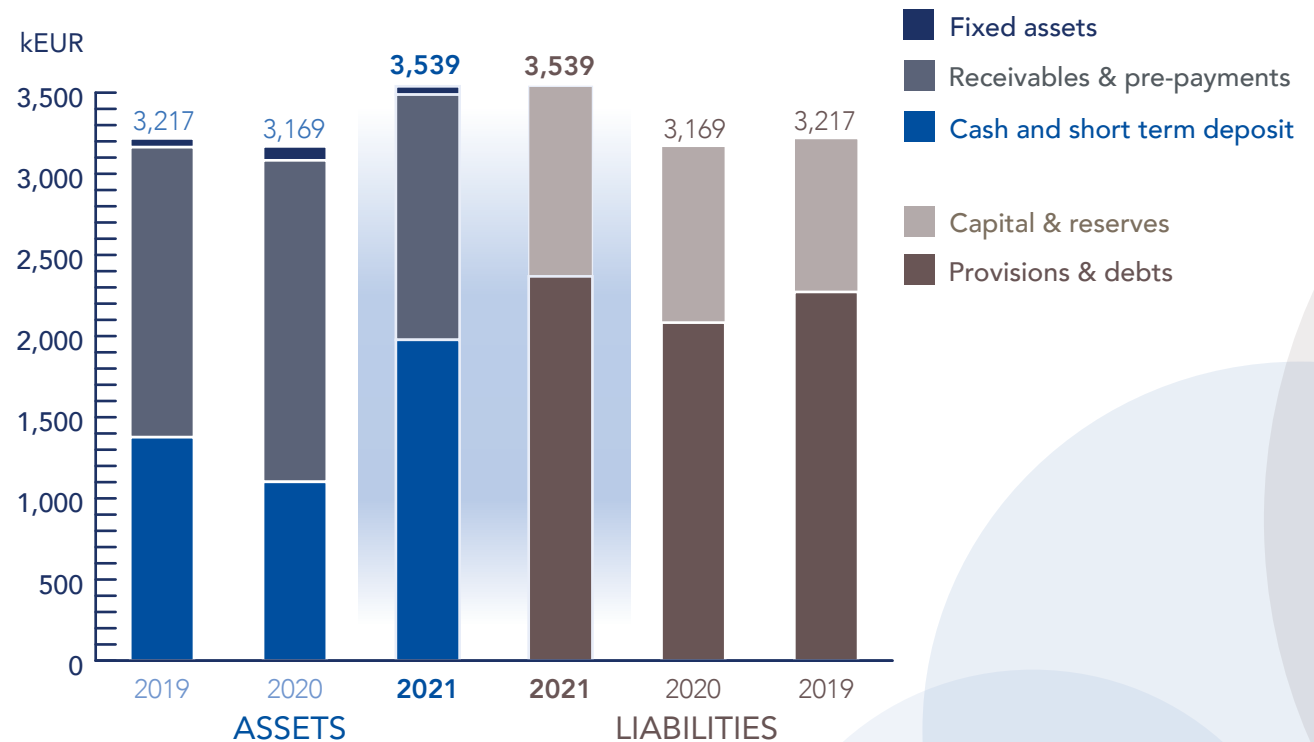
Based on the positive results achieved in 2020 and 2021, the 2021 results are subject to income taxation. Accordingly, the EBA has planned in a provision of EUR 26 K to cover income tax. The 2021 net result after tax stands at EUR 84 K.

4.4 BALANCE SHEET AND CASH POSITION

The balance sheet of the Association showed a rather stable patrimonial value of EUR 3.5 M for 2021, constituted mainly of current assets at EUR 3.4 M, including a cash position of EUR 800 K.

On the liabilities side, the equity position of the Association is at the level of EUR 1171 K; the remaining position of EUR 2.4 M is mainly composed of payables and deferred income representing EUR 1.5 M income billed in 2021 but belonging to the fiscal year 2022.

BALANCE SHEET EVOLUTION: ASSETS AND LIABILITIES 2019 – 2021



5. EBA BUDGET FOR 2022

5.2 COSTS TO SUPPORT EBA ACTIVITIES AND PROJECTS

For the financial year 2022, the EBA's budget is again based on conservative revenue assumptions and the expectation that the Association's support activities will return to a pre-Covid level. As a result of these assumptions, the budget features a loss of EUR -264 K for the financial year 2022.

It is expected that the 2022 revenues will be stable at EUR 1.9 M while expenses will return to a pre-pandemic level and increase to EUR 2.1 M (+18% compared to 2021 actuals).

The 2022 budget is based on the following assumptions:

5.1 EBA OPERATING CHARGES

The operating charges are expected to increase compared to the 2021 actuals, which were low due to events being postponed and a minimal level of travel and external relationships costs.

This budget item covers the different activity streams that will be carried out by the Association in 2021, namely working and expert groups as well as other industry and fora activities. These budget lines will cover all expenses relating to these events, but also investments into future activities of the Association in order to keep the service profile of the Association attractive for existing and potential new members.

The estimated amount of the 2022 activities is expected to reach EUR 483 K. The expenditure foreseen for 2022 covers activities of the Thought Leadership & Innovation and Market Practices & Regulatory Guidance streams. The main costs with regard to these streams are related to consultancy services to support working and expert group meetings, to help develop publications and to facilitate workshops and the creation of supporting materials. The members' demand for extended activities, especially in the area of Market Practices & Regulatory Guidance, is reflected in an increase of the related consultancy cost by EUR 70 K for 2022.

Other costs under this budget item include:

- ≡ Expenses for fora activities and participation in other industry initiatives: the aim of these activities is to help shape the debate on industry topics that matter to the EBA members and promote the deliverables and findings of the Association's Thought Leadership & Innovation as well as Market Practices & Regulatory Guidance streams. The expenses are mainly related to logistics and consultancy costs linked to the provision of other external services. Membership fees for participation in other industry bodies (e.g. EPC) are also covered under this item.
- ≡ expenses for the design and layout of publications and other communication deliverables
- ≡ costs for participation at industry events (e.g. Sibos)

5.3 PROJECTED REVENUES FOR 2022

The 2022 budget revenues are projected to be stable at EUR 1.9 M.

5.3.1 MEMBERSHIP REVENUES

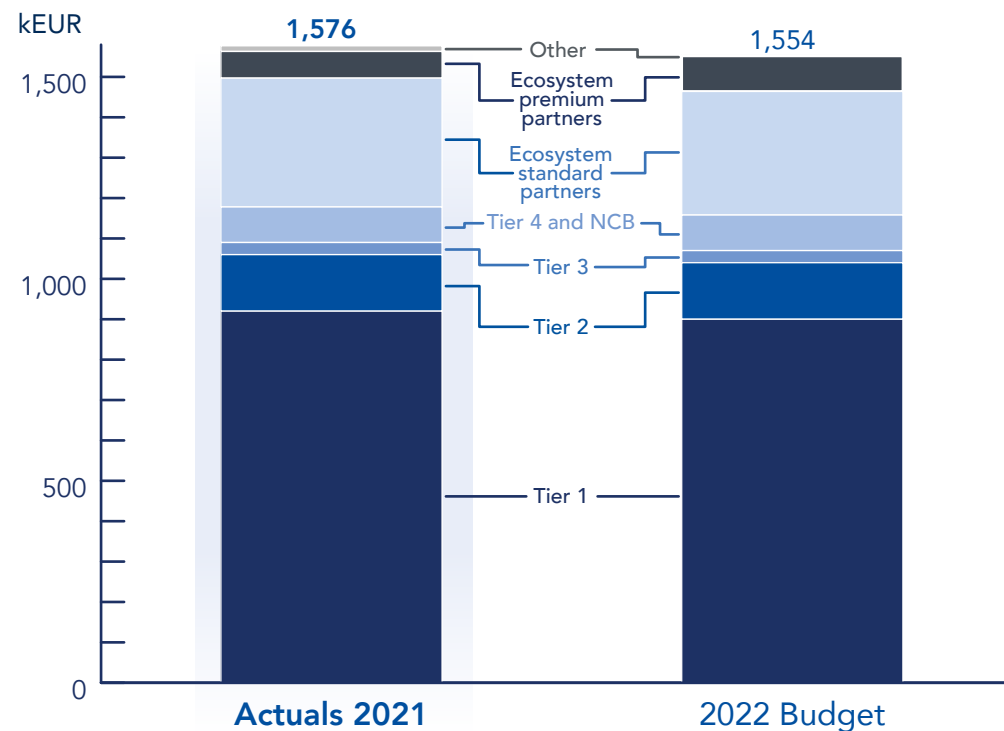
In light of the ongoing consolidation activities in the payments industry and reduced membership promotion opportunities due to limited relationship activities in 2020 and 2021, it is expected that the Association will in 2022 collect a stable level of membership fees of EUR 1.5 M (-1% compared to 2021 actuals).

5.3.2 NON-MEMBERSHIP REVENUES

The net revenues generated through the organisation of the EBA educational activities and EBAday are projected to amount to EUR 346 K in 2022, which is a bit higher than the 2021 budget respectively an increase of EUR 0.1 K compared to the 2021 actuals. Although we are currently seeing a return to normal event activities in the market, the actual uptake will strongly depend on the evolution of

Covid-19-related restrictions as well as on the travel and event/training participation policies within our member community and the overall industry.

MEMBERSHIP FEE STRUCTURE: ACTUALS 2021 VS BUDGET 2022



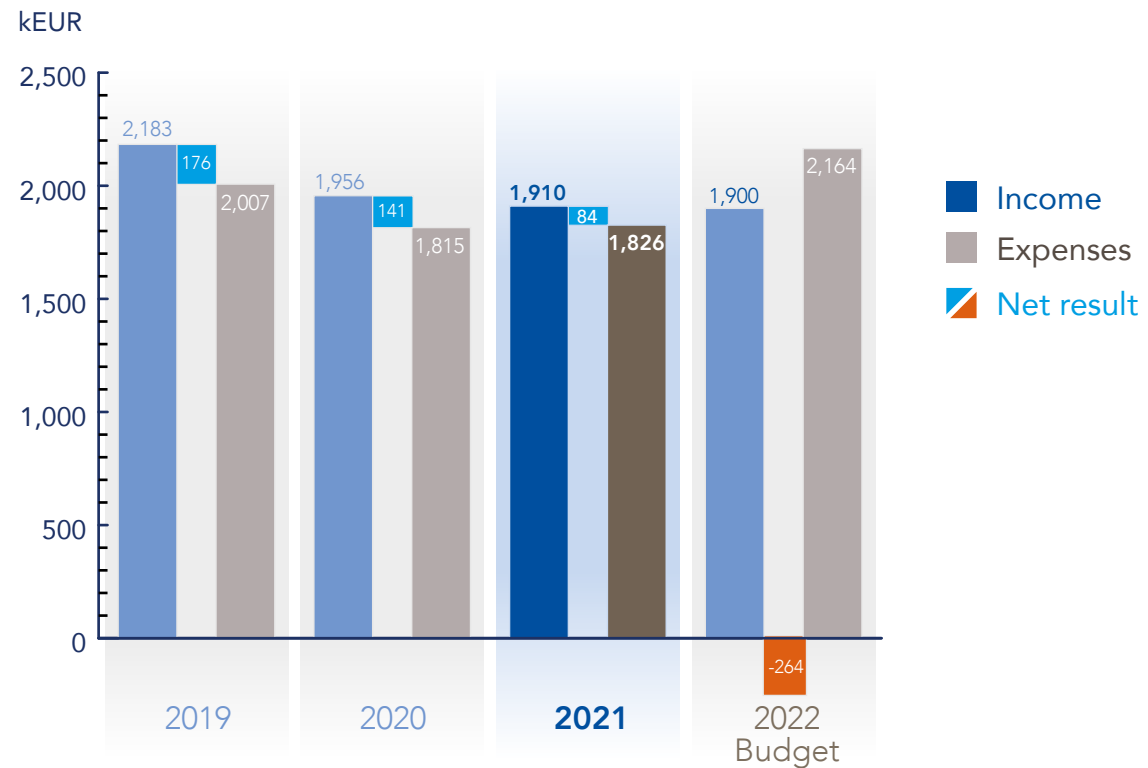
5.4 INCOME TAX AND RESULTS FOR 2022

In light of the projected and budgeted loss for 2022 at EUR -264K, the Association should incur no income tax for 2022.

Q2 2022 ADDENDUM AFTER THE BUDGET APPROVAL BY THE BOARD

As the Covid-19 pandemic continues to affect the travel and event/training participation policies of individual institutions, a potential negative impact on the EBA budget 2022 cannot be excluded. At present, the Association is not in a position to assess the full financial impact, which mainly will be related to the budget position "Other fees – activities revenues".

PROFIT AND LOSS EVOLUTION



PROFIT AND LOSS STATEMENT – REVENUES AND CHARGES K€

	Actuals 2020	Budget 2021	Actuals 2021	Actuals 2021 vs budget 2021	Budget 2022
(1) Revenues	1,956	1,864	1,910	47	1,900
MEMBERSHIP FEES (including entrance fees)	1,623	1,524	1,576	52	1,554
OTHER FEES – ACTIVITIES REVENUES	333	340	335	-5	346
(2) Costs to support activities (including SIBOS & EBAday)	258	377	199	-178	483
EXHIBITION COSTS	8	29	4	-25	140
EDUCATIONAL ACTIVITIES	60	90	60	-30	60
OPEN FORUM AND WORKING GROUPS	190	258	135	-123	283
Activities gross margin (1)-(2)	1,698	1,486	1,711	225	1,417
(3) Operating charges	1,557	1,646	1,627	-20	1,681
COMMUNICATION	12	47	16	-31	47
CONSULTANCIES	60	83	46	-37	88
EQUIPMENT AND SERVICES	36	50	4	-46	50
EXTERNAL RELATIONS	37	60	20	-40	60
FINANCIAL COSTS AND TAXES	15	20	17	-3	20
HUMAN RESOURCES, SERVICE AGREEMENT AND IT	1,363	1,344	1,463	119	1,375
AMORTISATION	10	40	35	-5	40
OTHER COSTS AND INCOME TAXES	25	2	26	24	0
Grand Total (1)-(2)-(3), Result before tax	141	-160	84	244	-264

6. APPENDICES

6.1 APPENDIX 1

ACCOUNTS AS OF 31 DECEMBER 2021

The accounts as of 31 December 2021 are attached separately.

6.2 APPENDIX 2

LIST OF EBA MEMBERS

(AS OF 15 MAY 2022)

- ≡ ABANCA Corporación Bancaria, S.A.
- ≡ ABN AMRO Bank N.V.
- ≡ Aktia Bank plc
- ≡ Allied Irish Banks, p.l.c.
- ≡ Alpha Bank AE
- ≡ Banca del Fucino
- ≡ Banca Monte dei Paschi di Siena SpA
- ≡ Banca Popolare del Lazio
- ≡ Banca Popolare di Sondrio
- ≡ Banca Sella S.p.A.
- ≡ Banco BAI Europa S.A.
- ≡ Banco Bilbao Vizcaya Argentaria S.A.
- ≡ Banco BPM S.p.A.
- ≡ Banco Comercial Português SA
- ≡ Banco Cooperativo Español SA
- ≡ Banco de Sabadell S.A.
- ≡ Banco Santander S.A.
- ≡ Bank für Tirol und Vorarlberg AG
- ≡ Bank GPB International S.A.
- ≡ Bank of Åland PLC
- ≡ Bank of America Europe DAC
- ≡ Bank of China
- ≡ Bank of Ireland
- ≡ Bank of Slovenia
- ≡ Bankinter S.A.
- ≡ Banque et Caisse d'Epargne de l'Etat
- ≡ Banque Internationale à Luxembourg
- ≡ Banque Michel Inchauspé (BAMI)
- ≡ Banque Palatine
- ≡ Barclays Bank Plc
- ≡ Belfius Bank SA/NV
- ≡ BKS Bank AG
- ≡ BNP Paribas Fortis SA/NV
- ≡ BPCE
- ≡ BPER Banca S.p.A.
- ≡ bpost SA de droit public
- ≡ BRED Banque Populaire
- ≡ Caixa Central de Crédito Agrícola Mútuo
- ≡ CaixaBank S.A.
- ≡ Caja Laboral Popular, Coop. de Crédito
- ≡ Cassa di Risparmio di Fermo S.p.A.
- ≡ CECABANK S.A.
- ≡ Citibank Europe Plc
- ≡ Commerzbank AG
- ≡ Crédit Agricole S.A.
- ≡ Crédit Mutuel Arkéa
- ≡ Credito Emiliano SpA
- ≡ Credito Valtellinese S.C.
- ≡ Danske Bank A/S
- ≡ De Nederlandsche Bank N.V.
- ≡ DEPObank – Banca Depositaria Italiana S.p.A

- ≡ Deutsche Bank AG
- ≡ Deutsche Bundesbank
- ≡ DNB Bank ASA
- ≡ DZ BANK AG
- ≡ Elavon Financial Services DAC
- ≡ ERSTE Group Bank AG
- ≡ Eurobank Ergasias S.A.
- ≡ Hellenic Bank Public Company Ltd
- ≡ HSBC Bank Plc
- ≡ HSBC Continental Europe
- ≡ ICCREA Banca SpA – Istituto Centrale del Credito Cooperativo
- ≡ ING Bank N.V.
- ≡ Intesa Sanpaolo SpA
- ≡ Joh. Berenberg, Gossler und Co. KG
- ≡ JPMorgan Chase Bank N.A.
- ≡ KBC Bank N.V.
- ≡ La Banque Postale
- ≡ Landesbank Baden-Württemberg
- ≡ Landesbank Hessen-Thüringen
- ≡ Lloyds Bank Plc
- ≡ MUFG Bank, Ltd
- ≡ National Bank of Greece S.A.
- ≡ National Westminster Bank Plc
- ≡ Nordea Bank Abp
- ≡ Oberbank AG

- ≡ Oesterreichische Nationalbank
- ≡ OP Corporate Bank Plc.
- ≡ OTP Bank Plc.
- ≡ Rabobank Nederland
- ≡ Raiffeisen Bank International AG
- ≡ Raiffeisen Landesbank Südtirol AG
- ≡ Raiffeisenlandesbank Oberösterreich AG
- ≡ S-Bank Ltd.
- ≡ SECB Swiss Euro Clearing Bank GmbH
- ≡ Skandinaviska Enskilda Banken AB (publ)
- ≡ Société Générale
- ≡ Spar Nord Bank
- ≡ Sparekassen Sjælland
- ≡ Standard Chartered Bank AG
- ≡ Svenska Handelsbanken AB
- ≡ Swedbank AB (publ)
- ≡ Sydbank A/S
- ≡ UBI Banca S.p.A.
- ≡ UBS Europe SE
- ≡ UniCredit Bank AG
- ≡ UniCredit Bank Austria AG
- ≡ UniCredit S.p.A.
- ≡ Wells Fargo Bank NA

LIST OF EBA ASSOCIATE MEMBERS

(as of 15 May 2022)

- ≡ Accenture GmbH (Germany)
- ≡ ACE Software Solutions (Pelican)
- ≡ ACI Worldwide (EMEA) Limited
- ≡ Auriga S.p.A.
- ≡ Axway Software
- ≡ Bankgirot
- ≡ BankiFi Technology Ltd.
- ≡ BearingPoint GmbH
- ≡ Be Shaping the Future – Financial Industry Solutions AG
- ≡ Betaalvereniging Nederland
- ≡ Blossom-It
- ≡ Bottomline Technologies SARL
- ≡ CGI IT UK LTD
- ≡ Clear2Pay Belgium NV
- ≡ CoCoNet CCN GmbH
- ≡ Commercial Banking Applications AS (CBA)
- ≡ Dion Transaction Solutions GmbH
- ≡ DXC Technology
- ≡ Ebury Partners UK Limited
- ≡ ECOMMBX LTD
- ≡ Edenred SE
- ≡ EFIS AG
- ≡ equensWorldline SE

- ≡ Ernst & Young (EY) Advisory Services
- ≡ FIME SAS
- ≡ Finance Finland
- ≡ Finastra
- ≡ Fiserv
- ≡ GEVA Business Solutions GmbH
- ≡ ibi research an der Universität Regensburg GmbH
- ≡ IBM Deutschland Research & Development GmbH
- ≡ Icon Solutions Ltd.
- ≡ iGTB-Intellect
- ≡ Incentage AG
- ≡ INNOPAY B.V.
- ≡ Intercope International Communication GmbH
- ≡ Lipis Advisors GmbH
- ≡ Mastercard Europe SA
- ≡ Microsoft Corporation
- ≡ MONTRAN Corporation
- ≡ MsgGillardon AG
- ≡ Nexi Payments S.p.A.
- ≡ OBE S.A.S.
- ≡ ORACLE Corporation
- ≡ P27 Nordic Payments Platform AB
- ≡ PPI AG Informationstechnologie
- ≡ PRETA S.A.S.

- ≡ Prime Dash Development
- ≡ Redcompass Ltd.
- ≡ S.W.I.F.T. SC
- ≡ SIX BBS AG
- ≡ Software Integrators Ltd
- ≡ STET
- ≡ TAS S.p.A.
- ≡ Temenos UK Ltd
- ≡ THALES DIS FRANCE SA (GEMALTO)
- ≡ Thought Machine
- ≡ TietoEVRY
- ≡ Van den Berg AG
- ≡ Visa Europe Limited
- ≡ Volante Technologies, Inc.

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