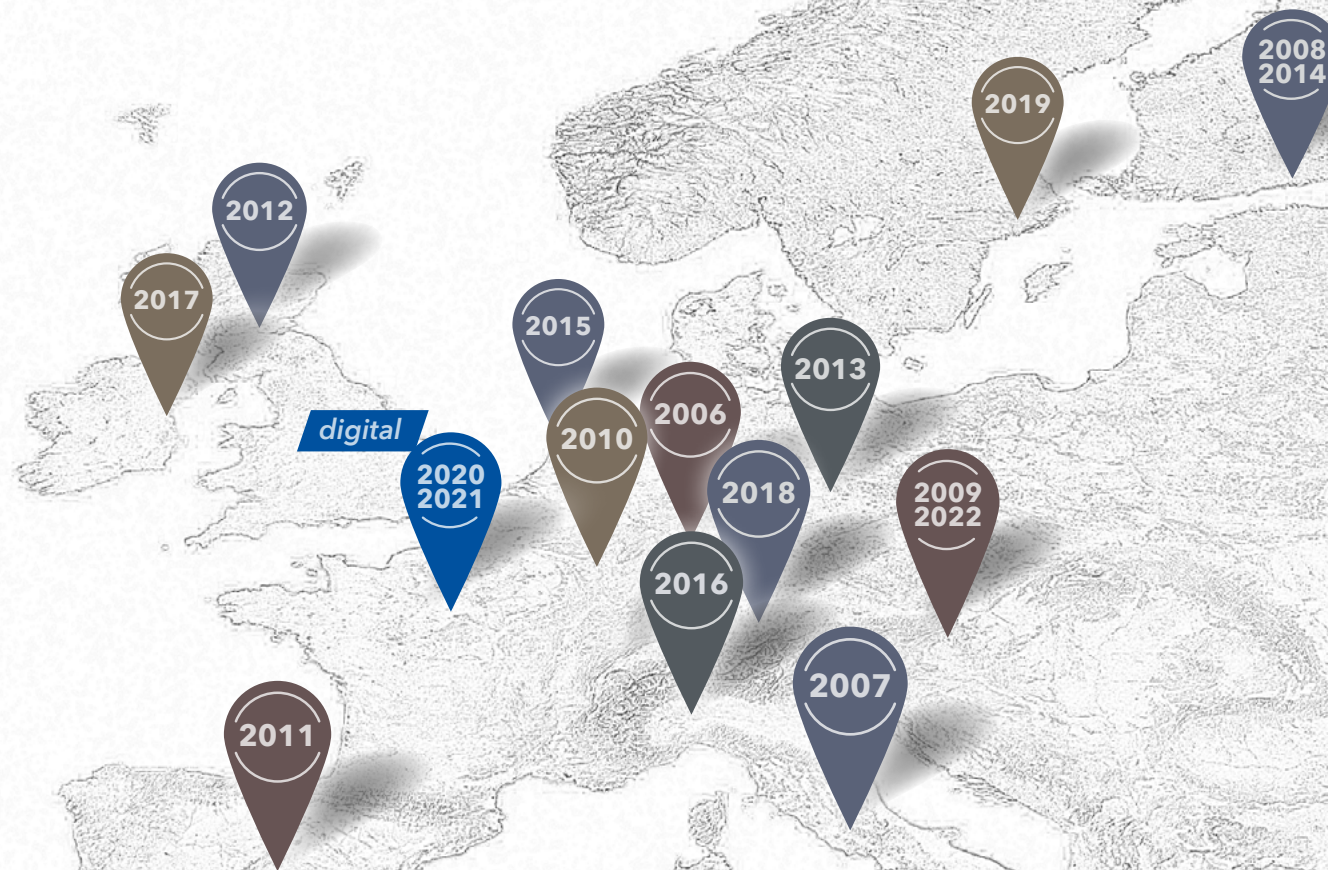


REPORT OF THE BOARD 2020



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1. WELCOME

1.1 AN INTRODUCTION BY THE CHAIRMAN

The unprecedented challenges that 2020 introduced to our daily lives and our business operations have required uncountable adjustments from all of us and have impacted our outlook on the future in many areas. There is no doubt about that. Under these exceptional circumstances, however, it is very easy to overlook those areas where deliverables stayed on track, where the outlook remained unchanged or where progress was even accelerated – maybe because the crisis underlined the importance of taking forward certain developments.

I am proud to present to you an activity report for 2020 that tells a story of great continuity and enthusiasm, as reflected in the high participation rates and active contributions of our members to our work streams and events. My Board colleagues and I are convinced that the key reason for this formidable support is that the objectives of the Euro Banking Association are fully aligned with some of the top priorities that are being pursued by payments actors across Europe.



I am proud to present to you an activity report for 2020 that tells a story of great continuity and enthusiasm, as reflected in the high participation rates and active contributions of our members to our work streams and events.

Wolfgang Ehrmann
Chairman of the EBA Board



This conviction has been very much confirmed by our recently published white paper with McKinsey on the future of payments, where two findings stood out in particular. The first was the reinforced commitment by payments champions to invest in areas such as digitising and enriching customer journeys, introducing machine learning and improving technological as well as operational resilience. And the second was the strong conviction among our respondents that industry cooperation is extremely important to fill capability gaps, drive economies of scale, mitigate investment risk, reduce the complexity of providing non-differentiating activities and help set new market standards.

It is noteworthy that these investment and cooperation priorities were not changed by the Covid-19 pandemic and its dynamics, which moved to the forefront as we were closing the first questionnaire round of our survey in February 2020. On the contrary, the in-depth interviews we conducted well into October 2020 fully confirmed the relevance of both areas. This should probably not come as a surprise in light of the accelerated move to digital shopping and electronic payments as well as the increased focus on operational resilience triggered by the pandemic. And there were other industry developments validating and potentially even boosting these trends in the second half of the year, such as the launch of the first phase of deliverables by the

European Payments Initiative (EPI) in July 2020 and the publication of the Retail Payments Strategy by the European Commission in September 2020.

To the EBA Board, these key survey findings have been particularly meaningful, because they came directly from our member banks and because they corroborated what we had already gathered from the enthusiasm and progress witnessed in our workstreams: that our activities were spot-on and heading in the right direction. As a matter of fact, the traction gained by our activity streams and the progress we made on a number of deliverables throughout 2020 and early 2021 were quite remarkable, especially considering the fact that none of our expert groups were able to meet face to face after the beginning of March 2020.

Let me first turn to our Thought Leadership & Innovation work on open banking, emerging payment technologies and enhanced liquidity management, which saw a considerable influx of new participants over the past year and will have delivered five publications by the time we open EBAday. The Open Banking Working Group, in particular, has contributed a new facet to our members' understanding of their

digital transformation journey by looking into the topic of digital trust. It is currently adding another chapter to its exploration of this journey by preparing a comprehensive paper on the key elements, processes and challenges to be taken into account by financial institutions in their transition to a digital operation model. What makes this paper especially insightful is that its findings have been vetted and enriched by Chief Digital Officers and other digital leaders from 12 European banks.

The Cryptotechnologies, Smart Payments and Stablecoins Working Group issued a first analysis in March 2021 of the potential opportunities and challenges that digital currencies may hold for banks. The working group has just onboarded a wide range of additional experts and is now setting the agenda for its next exploration phase under the leadership of its new chair, Tino Kam. As many of our members, we are keen to understand the impact of digital currencies on the existing financial system and, of course, how to take advantage of the opportunities they will present.

The Liquidity Management Working Group continued to look into the potential benefits of digital transformation for the treasurers



As many of our members, we are keen to understand the impact of digital currencies on the existing financial system and, of course, how to take advantage of the opportunities they will present.

in corporate organisations and financial institutions. While its 2020 paper zoomed in on data analytics, the group has now turned its attention to real-time reporting from a liquidity and cash management perspective – a topic that has further gained in prominence through the critical importance of real-time cash visibility during the pandemic. This group used to engage in regular face-to-face exchanges with corporates during its pre-pandemic meetings and we very much hope it can take up this fruitful dialogue again soon.

Aside from the focus topics taken forward by our working groups, the EBA also hosts Open Forum events on specific innovation topics, where it invites specialists to share their insights



EBAday, just like our other networking and educational events in 2020 and early 2021, has continued to successfully evolve as a digital format, attracting over 1,300 attendees in 2020.

with interested members during a full-day event. The topics covered in 2020/2021 run from agile working to cyber security and fraud, from leveraging AI, cloud and platformisation to digital payments and e-identity. While the digital format we have adopted for the Open Forum over the past year has proven to be very successful, attracting more than 100 participants for each event, we are very eager to go for that full immersion experience again, which only an onsite event is able to generate through its multiple breakout sessions.

As my above update shows, much of the Association's resources during the period under report went into delivering further insights in the Thought Leadership & Innovation space. However, we did at the same time undertake massive efforts to further grow our engagement in the Market Practice & Regulatory Guidance area. In 2020 and early 2021 alone, we launched four new activity streams in this space, at the request of our members. The objectives of these new groups are to help our members and the wider industry cooperate on or promote pan-European harmonisation in the area of fraud combatting, know-your-customer processes, regulatory implementation and the roll-out of request to pay.

First deliverables by these groups include a pan-European fraud taxonomy proposal, which the Expert Group on Payment Fraud-related Topics (EGPF) has developed in order to help practitioners to categorise fraud cases. We are planning to start sharing this taxonomy with interested parties over the summer; we hope it will support PSPs in making sure that the fraud intelligence or data they share will be categorised in the same way and thus easier to compare and analyse. While the EGPF has been focussing on helping to prepare the ground for

the sharing of fraud intelligence and data, the SCT Inst Migration Action Roundtable (SMART2) continued to look into fraud-fighting topics from an instant payment perspective. The SMART2 experts issued three publications in 2020, including a note promoting the use of an optional fraud information field in SCT Inst, which they felt could make a real difference for PSP cooperation on detecting instant payment fraud.

The Payments Regulation Sounding Board, which picked up its monitoring of the regulatory landscape in Europe under the leadership of Nicola Coyne in September 2020, has published a hands-on summary of the EU Commission's Retail Payments Strategy and is preparing to organise a workshop on the VAT Fraud Directive in the third quarter of 2021. Let me also mention in this regulatory context the comprehensive e-repository on cyber regulations and industry standards, which we delivered in 2020 with the support of the Chief Information Security Officers from half a dozen member institutions and which EBA members can access via our website.

The Request to Pay Expert Group is currently working on the final report of the survey it conducted to find out more about the request

to pay requirements and expectations of corporates, and to which it received responses from payment professionals, treasurers and digital channel specialists in 20 countries. I very much look forward to discussing these findings with the corporate experts who will join us for the special interest session to be held just before the opening of EBAday.

EBAday, just like our other networking and educational events in 2020 and early 2021, has continued to successfully evolve as a digital format, attracting over 1,300 attendees in 2020. We will certainly onboard many of the lessons learnt from these digital events to make our future onsite conference and exhibition more digitally integrated and interactive. But like many of our members, I cannot wait to hit the exhibition floor in Vienna next year to reconnect onsite with colleagues and friends.

This appetite for intensified interaction and engagement can be felt at many levels these days and has certainly also played a key role in the decision of eight of our existing Ecosystem Partners to be upgraded for 2021 to the status of Premium Ecosystem Partners, where they

can benefit from package deals and enhanced partnership opportunities in relation to our EBA networking and educational activities. My Board colleagues and I highly welcome the strong engagement between the financial and technology sectors reflected through our growing Ecosystem Partner community and their increasing contribution to our activities.

Thanks to the commitment of our cross-sectoral and multinational membership, our multiple workstreams and expert groups help to drive cooperation across the industry and to contribute to the development of an innovative and competitive European payments ecosystem based on uniform standards and transparent practices, in line with and in the same spirit as the payments strategies of the European regulators. I would like to very much thank our members and especially the more than 300 practitioners participating in our workstreams for their active engagement in making this happen!

I also take this opportunity to thank my Board colleagues, our Secretary General and the EBA team for their commitment and focus during the

past year. Our special thanks go to our Deputy Chairman, Vincent Brennan, who is retiring at the end of May after having served on the Board for 13 years. We are very grateful for his tremendous contribution and the support he has brought to the Board and the Association.

Together with our Secretary General and the whole EBA team, my fellow Board members and I will continue to devote our efforts to supporting our members in further developing this ecosystem for the benefit of their customers.



Wolfgang Ehrmann

1.2 AN INTRODUCTION BY THE SECRETARY GENERAL

According to the Chinese horoscope, 2020 was the year of the rat. As the first of the 12 Chinese zodiac signs, this period is considered a year of new beginnings and renewal.

And we are indeed looking back on a very exceptional year, full of new developments, which materialised at an incredible speed. In previous years, when we were discussing the why, what and how of digitisation and its influence on the industry and the entire ecosystem, we were talking about its strategic relevance and evaluated its implementation impact on existing systems and processes. In 2020, digitisation simply happened in the blink of an eye.

The pandemic triggered an immediate need to review established processes, regardless of whether they were internal or had customer relevance and impact. Due to home-office arrangements and other containment restrictions, many paper-based procedures

and processes, such as those in place for the physical signing of documents or contracts, could no longer be followed and required immediate solutions. Of course, some of the short-term solutions are still subject to review and might have to be adjusted, but it is obvious that without the pressure generated by the pandemic, these developments would have taken place at a different pace. In the new reality shaped by the pandemic, the credo to follow is “What can be digitised will be digitised”, and the ongoing review process will formalise related changes rather than reverse them.

But there have not only been changes affecting company-individual strategies and processes. In payments, for instance, we have witnessed

» *Our initiative to support request to pay is a great example of a cross-industry collaborative effort helping to achieve the prime goal set by the European Commission: A Europe fit for the digital age.*

Thomas Egner
Secretary General

joint industry efforts over the past year to facilitate payment processes and support the continued functioning of the economy at large. In contrast to the financial crisis, which – what a curious coincidence! – struck in the previous year of the rat, i.e. in 2008, the Covid-19 crisis saw the financial industry play an important role in maintaining and strengthening economic stability by supporting retail and corporate customers in managing the extreme and unforeseeable economic challenges of the situation. Take, for example, the jointly agreed increase of the signature/PIN threshold for electronic or contactless payments in stores, which led to a rise of digital payments across many countries and helped to reduce identified risks around the handling of cash and the queuing at check-out counters. This has fueled

the trend to use cashless payment instruments, even for small amounts and even in countries where cash used to be king, which benefitted retailers and consumers at the height of the pandemic and is probably irreversible.

But the pandemic has not only influenced the way we pay, it has also contributed to accelerating market discussions around possible future digital payment means. Conceptual considerations around digital currencies have been gaining further traction through several announcements made last year by the European Central Bank on the development of a digital euro. And although corresponding concepts are currently only being evaluated, it needs to be seen how central bank digital currencies will impact commercial banks and their relationship to central banks. In any case, Europe is not the only region where these concepts are evaluated and tested. A number of countries and regions around the world are currently exploring corresponding models – with China being far advanced in the thought process and planning to have the digital Yuan ready for use at the Olympic winter games in 2022.

Other innovative concepts enabled by new or evolving technology have made great strides over the past year as well. The provision of payments as a service via cloud-based and on-demand solutions may help to lower internal processing complexity, reduce investment needs to bring legacy solutions up to date and share cost for non-competitive activities. The intra-industry use of connecting application programming interfaces has also started to grow; it allows market players to unlock new functionalities for their customers and to keep the customer journey at par with their experience in other digital environments.

Enhanced customer journeys striking the right balance between convenience and security and leveraging innovative and state-of-the-art payment solutions are also high up on the agenda of the European authorities, driven by the broader objective of strengthening Europe's digital sovereignty.

More specifically, the Digital Finance Package adopted by the European Commission in September 2020 is aimed at setting a suitable framework for a competitive EU financial

sector that provides open access to innovative financial products. The package consists of a “Digital Finance Strategy”, a “Retail Payments Strategy” as well as legislative proposals on crypto-assets and digital operational resilience.

In relation to retail payments, the EU's Retail Payments Strategy sets – through four major pillars and detailed sub-activities – the framework for the planning of core activities and will keep the banking industry busy in the years to come. In the first of the four key pillars, “Increasingly digital and instant payment solutions with pan-European reach”, the Commission lists a number of items that have been at the heart of our work programme for a long time. “Reaping the full potential of the Single Euro Payments Area”, looking at “instant payments as the ‘new normal’ or “exploiting the potential of electronic identity for customer authentication”, for example, are goals that both the EBA Thought Leadership & Innovation stream as well as our Market Practice & Regulatory Guidance activities have striven to contribute to over the past few years. Many of the main items of the other three pillars defined



At the Association, we are eager to support our members on their digital transformation journey.

by the Retail Payments Strategy have also been explored or analysed in more detail with the members of our working groups or educational seminars.

Let me just point out one example of how we help to prepare the ground for innovative and state-of-the-art payment solutions. With our activities around request to pay, we have been supporting the migration of minds that is needed to understand – and then reap the potential of – new payments ecosystem instruments or mechanisms. By developing and promoting a survey on corporate needs and expectations, we have been nurturing the dialogue between supply and demand side actors with a view to assisting the process of meeting these practical needs with

fit-for-purpose request to pay solutions. This initiative is a great example of a cross-industry collaborative effort helping to achieve the prime goal set by the European Commission: A Europe fit for the digital age.

In relation to its digital agenda, the EU Commission has, next to the Digital Finance Strategy, defined concrete activities in several areas, such as artificial intelligence, cybersecurity, a European data strategy, and a proposal for a digital services act. As illustrated in our Chairman's Introduction, various workstreams of the Association cover facets of the digital journey of the actors in the financial industry. We are also witnessing increased demand from our members for work streams and deliverables that may help them navigate through related impacts, such as in the field of fraud combatting or KYC.

At the Association, we are eager to support our members on their digital transformation journey to embrace the objectives set by the European authorities and to meet the needs and expectations of their customers. Jointly discussing with our broad membership

the potential of different technologies for the payments business is as important to us as providing practical guidance on the changes that need to be implemented by PSPs and their customers in relation to new legislation. We do this by bringing all players of the payments ecosystem together – to generate mutual benefits, foster dialogue and experience exchange amongst payments industry practitioners with the common goal of achieving a joint and pan-European vision for payments.

I am excited to see how the industry will productively exploit the massive transformation brought on in the year of the rat for the development of future-proof strategies and propositions in the year of the buffalo, which the Chinese calendar associates with intelligence, diligence and strength.

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 2020 AND OUTLOOK FOR 2021+

2.1 REPORT ON WORK STREAMS IN 2020 – OVERVIEW

Thanks to the commitment and contribution of the EBA community in 2020, 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 a comprehensive paper on "Digital trust and the banking sector: towards a trust advantage in the digital economy"
- ≡ Liquidity Management Working Group: publication of a report on "Enhancing liquidity management with the support of advanced data analytics"

- ≡ Cryptotechnologies, Smart Payments and Stablecoins Working Group: launch of an analysis into digital currencies
- ≡ EBA Open Forum on Digital Transformation: organisation of an onsite event focusing on "New ways of working... Is agile indispensable for the digital journey? Definitions, implementations and impact" and of a digital event zooming on "Cyber security and fraud: cause, effect and prevention in a digital world"
- ≡ Joint white paper with McKinsey on "The future of European payments and strategic choices for banks"

MARKET PRACTICES & REGULATORY GUIDANCE:

- ≡ SMART2: publication of a note on the benefits of an optional fraud information field for SCT Inst transactions, a note on open questions around the reporting of e-money transactions and a paper on the vulnerability of closed-loop gift cards to fraud
- ≡ Cyber Regulation Sounding Board: delivery of an e-repository on payments-related cyber regulations and industry standards
- ≡ Request to Pay Expert Group: launch of this group to focus on ecosystem considerations related to request to pay. The first deliverable was a pan-European survey conducted with the support of PPI to gather input on corporate needs and expectations with regard to request to pay – first findings were published in November 2020.
- ≡ Expert Group on Payment Fraud-related Topics: creation of this group to look into ways of facilitating fraud intelligence and data sharing at a pan-European level. The

first deliverable was a taxonomy proposal to categorise payment fraud types.

- ≡ Payments Regulation Sounding Board: set-up of this group to evaluate relevant regulations and regulatory initiatives with a direct and/or indirect impact on payments
- ≡ KYC: exploration of pan-European harmonisation opportunities on corporate-to-bank KYC

NETWORKING & EVENTS

- ≡ EBAday 2020: organisation of the first digital EBAday conference and exhibition, with a focus on “The turning point in payments transformation”
- ≡ Four “EBAday Online” webcasts focussing on instant payments and their global implications, advanced data analytics and the continuing digital payments journey

TRAINING & EDUCATION

- ≡ EBA Liquidity Management Training Seminar: “Intraday liquidity and instant payments. Understanding the actions necessary to better manage and fulfil corporate liquidity management objectives”
- ≡ EBA Global Seminar: “Real-time payments and Open Banking: new realities, new challenges”.

For detailed reports on the different activity areas and work streams in 2020, please turn to sections [2.3](#) to [2.7](#).



2.2 OUTLOOK FOR 2021 AND BEYOND – OVERVIEW

The Association's work programme for 2021 and beyond was delivered in Q4 2020 based on input from its expert groups and community meetings. The agenda-setting and prioritisation process also continued to be strongly influenced by the feedback that the EBA membership had provided in a survey on the EBA work programme conducted in the autumn of 2019.

The work programme 2021 was presented to the EBA members as part of the Association's value proposition in December 2020 and covers the following new topics or aspects:

- ≡ the concept of a digital operating model for Open Banking (Open Banking Working Group)
- ≡ opportunities and challenges of digital currencies (Cryptotechnologies, Smart Payments and Stablecoins Working Group)
- ≡ trends and impact of digitalisation in the liquidity management and payments ecosystem (Liquidity Management Working Group)
- ≡ three thought leadership events: "Innovation through technology: leveraging AI, cloud and platformisation to create the new

normal" in February 2021, "The evolution and transformation of payments in the EU-modern, safe and digital!" in June 2021 and a third event planned for November 2021 looking into ancillary technologies to further drive digital finance, such as digital identity (EBA Open Forum on Digital Transformation)

- ≡ the impact of the recording and reporting requirements of the VAT Fraud Directive on payment service providers (Payments Regulation Sounding Board)
- ≡ the impact of the Digital Finance Package of the European Commission, and the Retail Payments Strategy in particular, on payment service providers (Payments Regulation Sounding Board)
- ≡ work on a harmonised pan-European classification standard for KYC data in the field of corporate-to-bank KYC (Expert Group on KYC-related Topics)
- ≡ supply and demand side exchange on request to pay use case requirements and priorities (Request to Pay Expert Group)
- ≡ finalisation of a pan-European fraud taxonomy as well as related governance and maintenance framework (Expert Group on Payment Fraud-related Topics)

- ≡ analysis of minimum requirements for enabling a pan-European fraud intelligence approach and definition what fraud information and data could be exchanged as part of this approach (Expert Group on Payment Fraud-related Topics)
- ≡ EBAday 2021: "Payments transformation in 2021 – The road to success" (digital event from 28 to 30 June 2021)
- ≡ Go-local event 2021: EBA roadshow in Ireland in Q2 and others to follow in H2
- ≡ EBA Global Seminar: "Real-time payments and Open Banking: new realities, new challenges" (planned as a digital event on 7 and 8 October 2021)
- ≡ EBA Winter School: "ISO age - the changeover to a new payments era" (planned from 23 to 25 November 2021 in La Hulpe, Belgium)

For a detailed outlook on the different activity areas and work streams for 2021, please turn to sections [2.3](#) to [2.6](#).

2.3 THOUGHT LEADERSHIP & INNOVATION

2.3.1 OPEN BANKING WORKING GROUP (OBWG)

ACTIVITIES 2020

In 2020, the Open Banking Working Group (OBWG) zoomed in on digital trust as their research topic. The group started its analysis by identifying what trust means in a digital world. Preliminary research revealed that customers' trust levels depend on the security, user experience, degree of customer control, use of data, and openness of the financial services provided to them. Digital trust, therefore, is not just about technology, but also about operations/processes, people, propositions/offerings, and communication.

Based on these findings, the working group focused on analysing how banks, in particular, can serve as custodians of trust in an Open Banking and digital world and leverage their digital trust assets for a value proposition to their customers.

The results of this work were published in a paper called "Digital trust and the banking sector: towards a trust advantage in the digital economy" in July 2020. Two webinars were

held on the findings of this report in September 2020, which attracted over 50 participants.

OUTLOOK FOR 2021

For 2021, the OBWG decided to look into the development of 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 upcoming report, the OBWG identifies key elements, processes and challenges that accompany the successful transition to a digital operation model for financial institutions. The report is aimed at providing actionable insights and a starting point for financial institutions to organise their digital journey. Its findings have

» *Open Banking is a key manifestation of the digitalisation opportunity. To succeed, an Open Banking strategy must be underpinned by a broader digital operating model that focuses on the customer, data-enabling architecture and ecosystem involvement.*

Vincent Brennan
Deputy Chairman of the EBA Board,
Chair of the OBWG



been 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 is scheduled for release around EBADay 2021.

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

ACTIVITIES 2020

In early 2020, the members of the EBA Cryptotechnologies and Smart Payments Working Group (CWG) decided to explore the implications of central bank digital currencies (CBDC) and stablecoins. To reflect this new focus, the working group was renamed Cryptotechnologies, Smart Payments and Stablecoins Working Group.

Throughout 2020, the working group took forward its examination of the current state of digital currencies and an analysis of their implications and opportunities. To secure a wider variety of inputs, the group hosted several sessions with guest speakers from the banking and fintech community at large to discuss relevant developments.

OUTLOOK 2021

In March 2021, the CWG released its 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 PSPs could take advantage of the opportunities and manage the challenges that the adoption of digital currencies is expected to present.



Banks should evaluate how their customers would benefit from products and services enabled by digital currencies and come up with strategies to expand their services in the financial value chain.

Jürgen Wendt

Member of the EBA Board,
Chair of the CWG





The road to a broader adoption of advanced data analytics not only depends on technical enhancements, but also on the support from leaders and staff who can drive digital growth and enable change

Krister Billing

Member of the EBA Board,
Chair of the LMWG



2.3.3 LIQUIDITY MANAGEMENT WORKING GROUP (LMWG)

ACTIVITIES 2020

In 2020, the Liquidity Management Working Group (LMWG) continued phase four of its research on how data analytics supports the decision-making processes of treasurers. The LMWG took a closer look at what corporates need in order to expand their use of data analytics and how banks, in particular, can support them.

The results of this work were published in a paper called “Enhancing liquidity management with the support of advanced data analytics” in October 2020. The findings of the report were presented to interested EBA members in two webinars held in November 2020, which attracted over 70 attendees.

The paper proposes advanced data analytics as a potential solution to remedy key challenges that corporate treasurers are currently facing and to drive efficiency within corporate treasuries. As part of its conclusions, the paper identifies the primary hurdles to the adoption of a data-driven culture in both banks and corporates and briefly discusses how they may be overcome.

OUTLOOK 2021

In December 2020, the EBA Liquidity Management Working Group launched phase five of its project, which explores the implications of ecosystem disruption for corporate treasury operations and their role going forward.

In the first of two notes, the LMWG will explore the impact of the Covid-19 pandemic as an accelerator of change in the corporate liquidity management ecosystem. As the economic fallout from the pandemic hit balance sheets, many companies took drastic measures to preserve cash. One early conclusion from the unfolding economic crisis was that it revealed the critical importance of real-time cash visibility to maintain robust access to liquidity.

In this context, many companies sought to accelerate the process of digitising their treasury organisations to allow them to move away from static positions towards dynamic data as the basis of decision-making. Accordingly, in its second note, the LMWG will explore the topic of real-time reporting from a liquidity and cash management perspective.

2.3.4 OPEN FORUM ON DIGITAL TRANSFORMATION

ACTIVITIES 2020

In 2020, the Open Forum on Open Banking and Digital Transformation was renamed “EBA Open Forum on Digital Transformation” to better reflect its current and future activities.

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.

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 2020, the EBA facilitated two Open Forum meetings: “New ways of working... is agile indispensable for the digital journey? Definitions, implementations and impact”, which was held as a physical event in Frankfurt on 11 February 2020, and “Cyber security and fraud: cause, effect and prevention in a digital world”, which took place as a digital event on 9 September 2020. The events attracted over 150 participants in total.

OUTLOOK 2021

The EBA Board has agreed to continue the work of the EBA Open Forum on Digital Transformation. In 2021, the Open Forum will zoom in on the use of future-oriented technologies, such as AI, cloud technology and platformisation, questions around digital payments in the EU and implementation challenges in general.

A first event on “Innovation through technology: leveraging AI, cloud and platformisation to create the new normal” was already held on 9 February 2021. Two more are to follow in 2021, starting with “The evolution and transformation of payments in the EU - modern, safe and digital!” on 9 June 2021. A third event planned for November will look into ancillary technologies to further drive digital finance, such as digital identity.

2.3.5 JOINT WHITE PAPER WITH MCKINSEY ON THE FUTURE OF EUROPEAN PAYMENTS

In November 2020, The EBA and McKinsey published a white paper based on research they had jointly conducted in the course of the year. The paper drew on the collective experience of both organisations, along with interviews with industry leaders and representatives from banks and payments specialists. It focussed on three main topics: how banks' role in the European payments landscape is evolving, which strategic role banks aspire to play in the mid-term future of the industry and how they could secure the market positioning they seek. The paper was delivered with the objective to prompt a constructive debate on the future of banks in European payments, act as food for thought on the direction of the sector and ultimately inspire a call for action on industry change.

2.4 MARKET PRACTICES & REGULATORY GUIDANCE

2.4.1 PAYMENTS REGULATION SOUNDING BOARD (PRSB)

ACTIVITIES 2020

In September 2020, the EBA launched a Payments Regulation Sounding Board (PRSB) to assess the need for dedicated activities focusing on specific payment regulations or regulatory initiatives.

The task of the PRSB is to monitor European regulatory activities with a direct or indirect impact on the payments value chain and on EBA member institutions. The PRSB will also evaluate requests from EBA Members with regard to activities in the field of regulatory guidance. In this capacity, the PRSB will act as an advisory body to the EBA Board.

Once a regulation or an upcoming regulatory initiative is seen as lying within the above-mentioned scope, the PRSB may propose the constitution of a regulatory activity group to help EBA Members understand the practical impact of this regulation and exchange views towards ensuring a harmonised implementation across Europe.



Regulatory requirements are one of the key drivers for transformation in the transaction banking arena. There is clearly a need to determine the practical impact and pain points of current or future market regulations and develop pan-European guidance where possible.

Nicola Coyne

Member of the Board,
Chair of the PRSB



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.

To support its efforts in identifying and prioritising relevant regulations, the PRSB started by putting together, as a working tool, an overview of relevant payments-related regulations and self-regulatory industry initiatives with a pan-European relevance and impact on the payments realm of account-servicing payment service providers (AS-PSPs) operating in Europe.

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

OUTLOOK 2021

In Q1 2021, the EBA Board supported the proposal of the PRSB to start 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 aim of the workshop, which is planned to take place in Q3 2021, is to facilitate a pan-European exchange among EBA members on the potential impact of the Directive. Depending on the discussion outcome, this initiative could be followed by the creation of a dedicated expert group, which would further delve into this topic

2.4.2 SCT INST MIGRATION ACTION ROUNDTABLE (SMART2)

ACTIVITIES 2020

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) throughout 2020 continued 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 late 2019, the SMART2 Sub-group on Sanction-screening and Fraud Detection Measures had carved out the requirements for a dedicated EBA group working on payment fraud intelligence and data sharing topics, which had led to the kick-off of the EGPF in Q1 2020. Following this deliverable, the sub-group intensified its work on other items on its agenda. As a result, in January 2020, SMART2 issued a note endorsed by banks from nine EU countries to seek clarification on the definition of e-money transactions and the related fraud reporting requirements issued by the European Banking Authority.

The sub-group then turned its attention to assessing the benefits of introducing an optional fraud information field for SEPA Instant Credit Transfers. This work resulted in the publication of a note, which promoted the use of such an optional field within the SCT Inst transaction for the transport of contextual information from originator PSP to beneficiary PSP. The note was issued for EBAday in November 2020.

The third SMART2 publication for 2020, “Gift cards: a gift for fraudsters?”, was also released during EBAday. The paper explains in detail why closed-loop cards and other limited-purpose tokens are an ideal instrument for criminals to cover up their tracks when laundering money or defrauding victims of their funds; to this effect, the publication examines the dominant fraud scenarios in this context, as identified by banks and their customers.

In addition, SMART2 participants continued to monitor developments around national confirmation of the payee solutions and other relevant market evolvments.

OUTLOOK 2021

Following the delivery of its key agenda items in 2020, the SMART2 Sub-group on Sanction-screening and Fraud Detection Measures did not identify any further topics of high priority. Consequently, SMART2 agreed in March 2021 to put the sub-group into a dormant status.

The SMART2 participants are currently in the process of evaluating new SCT Inst-related topics, which were submitted to the group for consideration in Q1 2021, and to determine the potential need for any follow-up actions.



We need to ensure as an industry that we live up to market expectations for instant payments: 24/7 availability is a must if we want SCT Inst to become the backbone of key pan-European customer propositions.

Serge Wagner

Member of the EBA Board,
Chair of SMART2



2.4.3 CONTENT PORTAL ON CYBER REGULATIONS AND INDUSTRY STANDARDS

ACTIVITIES 2020

To help its members understand and deal with existing and future cyber-related industry frameworks, the EBA delivered an e-repository on cyber regulations and industry standards in September 2020.

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 banking technology. 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 by 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.

OUTLOOK 2021

In May 2021, the portal will be equipped with an enhanced navigator function. Also, a table to map regulations and industry standards to specific security domains will be offered for download. 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.

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

ACTIVITIES 2020

Stepping up pan-European co-operation to fight and prevent payment fraud has become a key priority among fraud experts in the growing real-time payments ecosystem. At the request of a number of its member banks, the EBA in March 2020 launched the Expert Group on Payment Fraud-related Topics (EGPF) to help pave the way towards a pan-European approach to sharing fraud intelligence and, where possible, data among AS-PSPs. The new expert group is composed of more than 20 fraud experts from EBA member banks in 16 countries.

The mission of the EGPF is to analyse minimum requirements for enabling a pan-European fraud intelligence approach and defining what fraud intelligence and data could be exchanged as part of this approach. Fraud intelligence covers, for example, information about new mod operandi or national trends around existing ones.

In their initial discussions on the best way forward to identify the data and intelligence that should ideally be shared for fraud fighting

purposes, the EGPF members concluded that the fraud type was the most important variable in determining which data points were needed to act on a given fraud case. Considering that no uniform set of definitions of fraud types had previously been agreed at a pan-European level, the EGPF determined to develop, in a first step, a joint approach to fraud type categorisation.

The resulting fraud taxonomy is a new pan-European tool that introduces a common vocabulary for fraud types. This common vocabulary should help to foster a uniform understanding of fraud types across the European payments industry. But the fraud taxonomy was developed to do more than that: it was created to support the categorisation of fraud types for reporting purposes as well as intelligence or data sharing purposes in a fraud combatting context.

OUTLOOK 2021

The EGPF is currently in the process of finalising its fraud taxonomy. To this end, it is developing a review and updating process to ensure that the taxonomy will keep evolving in line with the needs and expectations of fraud experts across Europe using the taxonomy.

In June 2021, it is planned to submit the fraud taxonomy for consideration to EBA members and other organisations that have shown interest in adopting it. The objective is to enable potential users to start using the fraud taxonomy from January 2022 onwards.

The EGPF has also been working on a proposal for mapping data points related to mule accounts that could be shared at a pan-European level to combat related fraud. In a next step, the group is planning to explore the feasibility for further phases involving actual data exchange in relation to identified purposes for information sharing at inter-(AS-) PSP level and/or involving third parties.



To successfully fight fraudsters, PSPs need to connect the dots and combine the pieces of the puzzle that each of them holds. The new EGPF fraud taxonomy will introduce a common vocabulary for fraud types, which will support this effort of bringing the pieces together to see the whole picture.

Thomas Egner
Secretary General



2.4.5 KNOW-YOUR CUSTOMER (KYC) INITIATIVE

ACTIVITIES 2020

Against the background of a multitude of national, pan-European and global KYC initiatives, the Association investigated in 2020 if it could complement these efforts by facilitating a platform where interested players (e.g. industry initiatives, banks) could come together to discuss, provide transparency and drive harmonisation in the area of corporate-to-bank KYC.

Throughout 2020, a temporary KYC expert group helped to investigate the industry appetite for a future joint and collaborative market initiative and identified potential topics and the role the EBA could play in supporting such an activity.

OUTLOOK 2021

Based on the recommendations of this temporary group, an EBA Expert Group on KYC-related topics (KYCEG) was established and will start its activities in May 2021. The KYCEG will support the discussions about a joint interpretation of regulatory KYC requirements at a pan-European level and will define a common baseline classification standard for KYC data and documents in support of an implementation at the corporate-to-bank level. First results are to be expected by the end of 2021.

2.4.6 REQUEST TO PAY EXPERT GROUP

ACTIVITIES 2020

As with previous initiatives aimed at strengthening and modernising the pan-European payments ecosystem, the EBA Board kicked off a work stream in 2020 to support the awareness-building process and ecosystem dialogue needed as a basis for a successful implementation of the new Single Euro Payments Area (SEPA) request to pay process.

Under the guidance of an expert group with practitioners from seven member institutions in six countries, the EBA, with the support of PPI, set out to gather input on corporate needs, expectations and pain points in relation to request to pay via a survey launched in September 2020.

Available in six languages, the EBA questionnaire was addressed at corporate experts from different corners, including corporate treasurers, e- and m-commerce specialists and experts from other or related domains involved in the organisation and implementation of payment processes. The survey covered request to pay use cases in the following areas: point of sale / interaction, online commerce, recurring payments and

» *Nearly 100% of the corporate respondents to our survey are interested in using request to pay and agreed that it is important to offer a Europe-wide uniform mode of operation. This shows that corporates from different industries and countries are ready to embrace this new tool, provided it meets their needs*

Wolfgang Ehrmann
Chairman of the EBA Board



e-invoicing. It was flanked by in-depth interviews with volunteering survey participants.

In November 2020, the EBA presented preliminary high-level findings of this survey in a public online session. The presentation delivered in this session was subsequently published on the EBA website.

OUTLOOK 2021

The corporate survey was closed on 28 February 2021 with nearly 120 responses received from corporates in close to 20 European countries. A comprehensive survey report will be made publicly available on the EBA website, so it may serve as food for thought to the wider European payments industry.

To engage the supply and demand side in a dialogue on request to pay and related needs to be covered, the EBA is planning to present the survey results at EBAday 2021. This high-level session is planned to be followed by dedicated events on the different use cases covered in its survey in the second half of the year.

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 MULTI-STAKEHOLDER FORUM ON E-INVOICING (EMSFEI)

The EBA is a full member of the EMSFEI. Set up by the European Commission, this forum 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 European Commission.

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 43 billion transactions in 36 countries 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 2020 AND BUSINESS FORA

ACTIVITIES 2020

In 2020, the Association's flagship event, the conference and exhibition EBAday, took place as a fully digital event in late November 2020, after having been postponed due to the Covid-19 pandemic. It featured a 20-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 keynote and a challenge speech.

The focus of EBAday 2020 was reflected in its title: "The turning point in payments transformation". Consequently, the agenda provided a wide variety of insights into globally relevant topics, ranging from real-time payment

processing to innovation, Open Banking, new technologies, correspondent banking, liquidity management and evolving customer needs.

Holding EBAday as a digital event was a first in its 15-year history. The platform on which EBAday ran went live on 17 November to allow exhibitors and visitors to familiarise themselves with its features and processes. To not overwhelm visitors with too many hours of screen time, EBAday was prolonged from two to three days. Overall, 1,328 visitors joined EBAday on its first day, 1,244 on its second day and 941 on its third day.

To compensate for the limited interaction opportunities during the live conference, the EBAday 2020 platform offered three themed chatrooms, where visitors were able to exchange views on the topics of ISO 20022, request to pay and instant payments. Two MCs 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 46 companies, including nine fintechs. The EBA, too, was present with a virtual booth.

In the context of EBAday, the Association also organised two side events. A joint session with PPI on "Request to Pay: what corporates want" featured first findings from a pan-European request to pay-related survey conducted among corporates and was attended by nearly 160 participants. Another joint session was held with McKinsey and focused on the outcome of a survey on "The future of European payments: strategic choices for banks"; it was attended by 150 participants.

In preparation for EBAday 2020, the EBA and Finextra also organised four 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 1,000 people joining each webcast on average. The topics discussed reflected parts of the EBAday conference programme.

OUTLOOK 2021

In light of the unpredictable progression of the Covid-19 pandemic, the Euro Banking Association decided to hold EBAday 2021 again as a digital event. Under the headline "Payments transformation in 2021 – the road to success", the event will be based on the same platform as in 2020 but will feature enhanced networking opportunities.

As in 2020, the Euro Banking Association will showcase its activities and thought leadership deliverables at a dedicated EBAday virtual booth, where members of different EBA working and expert groups can share and discuss key findings and recommendations with interested EBAday attendees.

The EBAday Online webcast series will also be continued.

2.5.2 LOCAL EBA ROADSHOW SESSIONS

Launched in 2018, 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 star 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.

Due to Covid-19-related meeting and travel restrictions across Europe, no local EBA roadshow sessions were held in 2020.

OUTLOOK 2021

A 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. One or two additional sessions in other countries are envisaged to take place in the second half of the year.

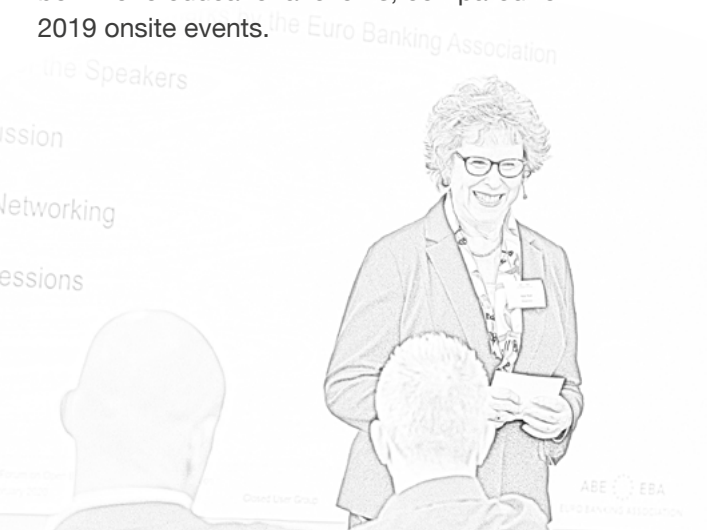
2.6 TRAINING & EDUCATION

2.6.1 SCHOOLS AND SEMINARS

ACTIVITIES 2020

Due to Covid-19-related restrictions, the EBA was forced to postpone or virtualise its educational events in 2020. The EBA Liquidity Management Training Seminar was postponed for six months and took place as a fully digital event on 21 and 22 September 2020.

The fourth EBA Global Seminar, which again focused on real-time payments and Open Banking, took place on 1 and 2 October 2020 digitally. Participant numbers did not suffer for both 2020 educational events, compared to 2019 onsite events.



2.7 GOVERNANCE REVIEW

OUTLOOK 2021

The EBA plans to hold two educational events in 2021. Whether they take place physically or as digital events depends on the development of the Covid-19 pandemic and its containment. The EBA Global Seminar "Real-time payments and Open Banking: new realities, new challenges" is planned to take place as a digital event on 7 and 8 October 2021 and the EBA Winter School is scheduled to be held from 23 to 25 November 2021 in La Hulpe, Belgium.

In light of the Covid-19-related meeting and travel restrictions introduced in March 2020, a change to the Articles was presented to the EBA Members. The changes, which were approved by the members via correspondence vote, explicitly allow that General meetings may also be held by conference call or any other means of communication. They also introduced the possibility for the members to vote by correspondence (letter, e-mail or any other method of communication) on all decisions, including the approval of accounts as well as the election of Board members. The revised Articles entered into force on 25 April 2020.



2.8 MARKETING AND COMMUNICATIONS

2.8.1 EBA WEBSITE AND EBA MEMBER PORTAL

In 2020, 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.

On the EBA Member Portal, the new Cyber Regulation E-Repository went live in September 2020. It provides, in particular, a standardised view on relevant market regulations and industry standards, as well as on their specific impact on banking technology. The e-repository presents each framework on a separate page; readers can download the content of each page as a printer-friendly pdf. Each page contains links to relevant external web sites for further reference.

2.8.2 EXTERNAL CONFERENCES

As in previous years, the Association contributed updates on its different work streams and findings to a number of 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.

2.8.3 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. They can move on from the document via click to the EBA website to learn more about specific working and expert groups and to download publications. The marketing flyer was released on the EBA website in May 2021 and will be distributed throughout the year via social media and digital event platforms.

3. EBA BOARD AND MEMBERSHIP

3.1 CHANGES IN THE BOARD OF THE ASSOCIATION

EBA Members approved the re-election of the following Board members (each for a three-year term of office) through a correspondence vote closed on 26 June 2020:

- ≡ Nicola Coyne (Barclays Bank Plc)
- ≡ Serge Wagener (Banque et Caisse d'Épargne de l'État)
- ≡ Philippe Debrue (Belfius Bank)
- ≡ François-Xavier Nivoit (HSBC Continental Europe)
- ≡ Tino Kam (Nordea Bank)

Since 26 June 2020 the following changes have occurred further to Board correspondence votes:

- ≡ Simon McConnell (Citibank Europe Plc) was appointed on 17 August 2020 as Board member in replacement of Andrew Smale, whose resignation from the Board was effective on 18 May 2020.
- ≡ Andrea Meier (DZ Bank AG) was appointed on 3 May 2021 as Board member in replacement of Jürgen Wendt, whose resignation from the Board was effective on 16 April 2021.



BOARD OF THE EURO BANKING ASSOCIATION

Since 3 May 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 | | |
| Vincent Brennan | Bank of Ireland | AGM 2021 |
| Other Board members | | |
| Philippe Debrue | Belfius Bank | AGM 2023 |
| Fernando Lardiés | Banco Santander | AGM 2021 |
| Claudio Magnaghi | Banco BPM | AGM 2021 |
| José Vicente | Banco Comercial Português | AGM 2021 |
| Simon McConnell | Citibank Europe | AGM 2021 |
| Krister Billing | Skandinaviska Enskilda Banken | AGM 2022 |
| Gerald Hechl | Raiffeisen Bank International | AGM 2022 |
| Andrea Meier | DZ BANK | AGM 2022 |
| Nicola Coyne | Barclays Bank | AGM 2023 |
| Han Joosten | Rabobank | AGM 2021 |
| François-Xavier Nivoit | HSBC Continental Europe | AGM 2023 |
| Tino Kam | Nordea Bank | AGM 2023 |
| Serge Wagener | Banque et Caisse d'Epargne de l'Etat | AGM 2023 |

EBA BOARD MEETINGS

In 2020, the Board met on:

- ≡ 23 January
- ≡ 31 March
- ≡ 8 April
- ≡ 18 May
- ≡ 2 July
- ≡ 15 July
- ≡ 23 September
- ≡ 2 and 3 December

Since 1 January 2021, the Board has met on:

- ≡ 25 and 26 February
- ≡ 14 and 15 April
- ≡ 6 May
- ≡ 21 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: "AGM" 2021



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



Claudio Magnaghi
BANCO BPM
Appointed on 11/06/2018
End of mandate: "AGM" 2021



José Vicente
BANCO COMERCIAL
PORTUGUÊS
Appointed on 11/06/2018
End of mandate: "AGM" 2021



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



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



Andrew Smale
WELLS FARGO BANK
Appointed on 11/06/2018
End of mandate: 18/05/2020



Simon McConnell
CITIBANK EUROPE
Appointed on 17/08/2020
End of mandate: "AGM" 2021



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



Han Joosten
RABOBANK
Appointed on 11/06/2018
End of mandate: "AGM" 2021



Soey Tin (Tino) Kam
NORDEA BANK ABP
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: 16/04/2020



Andrea Meier
DZ BANK
Appointed on 03/05/2020
End of mandate: AGM 2022

3.2 CHANGES IN EBA MEMBERSHIP

Since 26 June 2020 until 15 May 2021, both the number of EBA Members and the number of EBA Associate Members have remained stable with the decrease (-5) in the number of Members partially compensated by the increase (+2) in the number of Associate Members (Ecosystem Partners).

Eight existing EBA Ecosystem Partners – Accenture, ACI Worldwide, Fiserv, Mastercard Europe, Microsoft UK, Montran Corporation, PPI AG, and S.W.I.F.T. SC – decided to upgrade their membership to the status of Premium Ecosystem Partners for 2021. Associate Members in this category benefit from package deals and enhanced partnership opportunities in relation to EBA networking and educational activities.

With the Premium Ecosystem Partner membership, the EBA has created an additional membership category to better accommodate different levels of engagement in these areas.

3.3 MEMBERSHIP FIGURES

As at 15 May 2021, the total number of EBA Members and Associate Members was the following:

- ≡ Members: 101
- ≡ Associate Members: 58 (including 8 Premium Ecosystem Partners)

4. FINANCIAL SITUATION, P&L STATEMENT AS AT 31 DECEMBER 2020

The Association ended the fiscal year 2020 with a net positive result of EUR 141 K, i.e. a positive difference of EUR 137 K compared to the budgeted year-end result of EUR 4 K. This positive result was achieved despite the difficult operating and market conditions triggered by the Covid-19 pandemic. In spite of the impact of the related restrictions on the activities of the Association, the EBA's networking and educational activities, especially EBAday, again strongly contributed to this positive result, together with the stable development of the Association's membership figures. This continuously strong positive income will help the Association to keep strengthening its financial reserves.

4.1 OVERALL EXPENSES INCURRED IN 2020

The expenses of the Association amounted to EUR 1.8 M in 2020, compared to EUR 2 M in 2019. This corresponds to year-on-year savings of 10% after an increase of 6% from 2018 to 2019. It should be noted that these savings are mainly ascribed to a lower than expected cost level of support and educational activities, some of which had to be postponed to 2021 due to 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

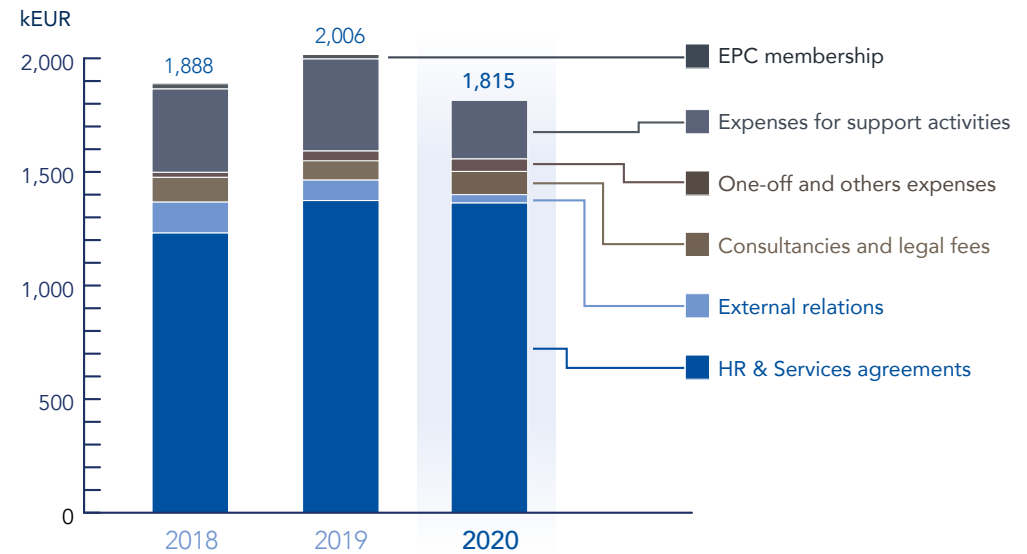
The expenses relating to these activities amounted to EUR 258 K in 2020, compared to 405 K for 2019. This decrease was partially caused by the aforementioned impact of pandemic-related restrictions on external relationship and travel activities.

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 decreased by 3% on a year-on-year basis, from EUR 1.6 M in 2019 to EUR 1.5 M in 2020, due to the aforementioned impact of pandemic-related restrictions on external relationship and travel activities.

EVOLUTION OF EXPENSES



4.2 REVENUES IN 2020

The total revenues of the Association amounted to EUR 2 M in 2020. This figure contains both membership fees and revenues contributed by the Association's networking and educational offerings.

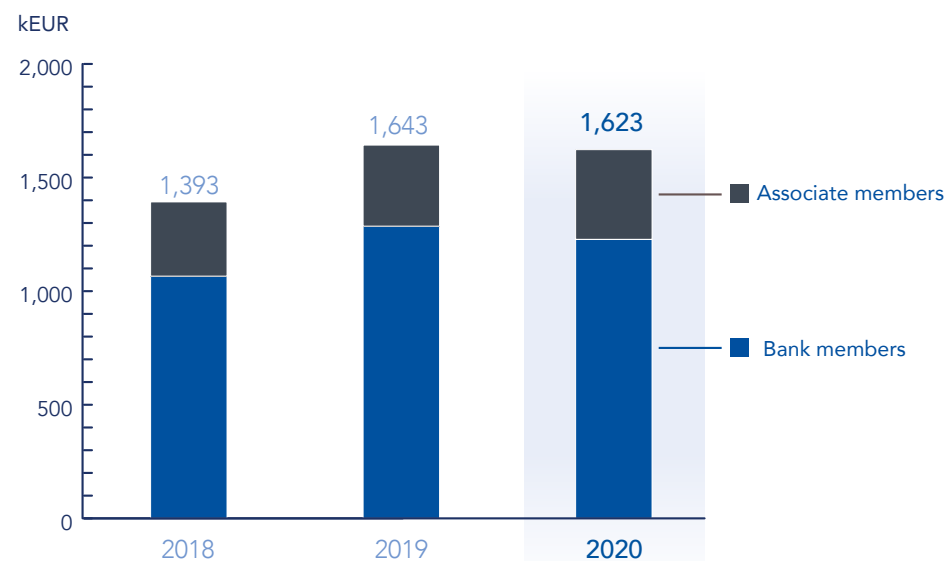
4.2.1 MEMBERSHIP REVENUES

The level of the 2020 membership fees remained relatively stable at EUR 1623 K, compared to EUR 1643 K in 2019.

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 2020. These activities generated a positive margin in 2020, providing the Association with extra income of EUR 333 K, compared to a budgeted amount of EUR 340 K, a strong result, given that both schools needed to be postponed. Again, EBADay, which was organised for the first time as a fully digital event based on an interactive online platform, was the main contributor to this success.

MEMBERSHIP FEE STRUCTURE: ACTUALS 2018 – 2020



4.3 INCOME TAX AND RESULTS FOR 2020

Based on the positive results achieved in 2019 and 2020, the 2020 results are subject to income taxation. Accordingly, the EBA has foreseen a provision of EUR 25 K to cover income tax. The 2020 net result after tax stands at EUR 141 K.

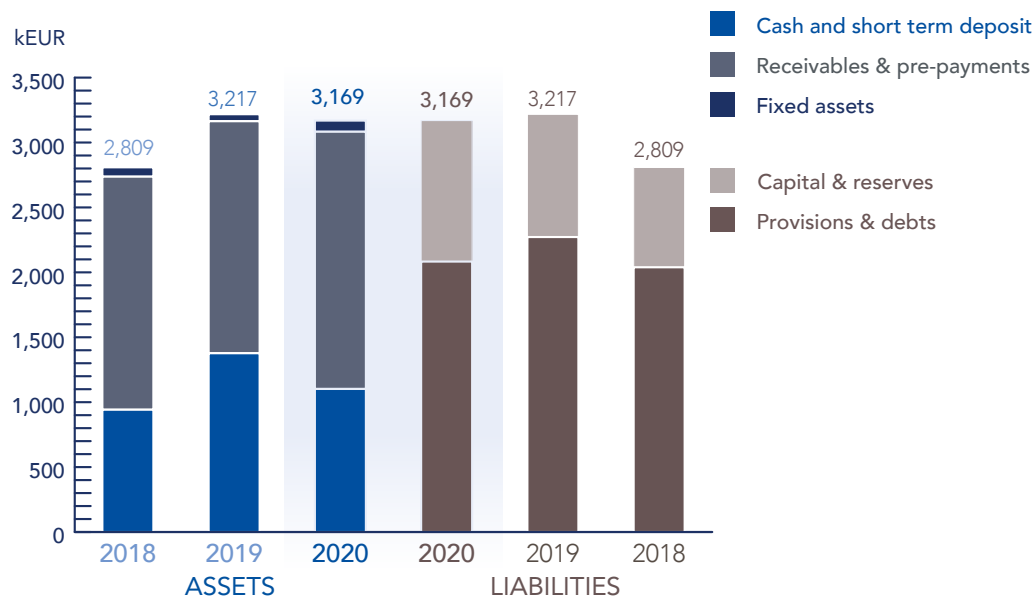
4.4 BALANCE SHEET AND CASH POSITION

The balance sheet of the Association showed a rather stable patrimonial value of EUR 3.2 M for 2020, constituted mainly of current assets at EUR 3.1 M, including a cash position of EUR 1.1 M.

On the liabilities side, the equity position of the Association is at the level of EUR 1086 K; the remaining position of EUR 2.1 M is mainly composed of payables and deferred income representing EUR 1.6 M income billed in 2020 but belonging to the fiscal year 2021.

Together with the introduction of the revised membership tiering and membership fees in 2019, the Association introduced an earlier timeline for the collection of the membership fees, which was also applied in 2020. This revised process continued to help the Association to improve its cash flow position.

BALANCE SHEET EVOLUTION: ASSETS AND LIABILITIES 2018 – 2020



5. EBA BUDGET FOR 2021

For the year 2021, the budget provides the Association with a conservative revenue stream and reasonable expenditure estimates posting a loss of EUR -160 K.

It is expected that the 2021 revenues will decrease to EUR 1.9 M (-5% compared to 2020 actuals) while expenses will return to a pre-pandemic level and increase to EUR 2 M (+11% compared to 2020 actuals).

The 2021 budget is based on the following assumptions:

5.1 EBA OPERATING CHARGES

The operating charges are expected to increase compared to the 2020 actuals, which were low due to events being postponed and a low level of travel and external relationships costs.

5.2 COSTS TO SUPPORT EBA ACTIVITIES AND PROJECTS

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 2021 activities is expected to reach EUR 377 K. The expenditure foreseen for 2021 covers the following activities:

- ≡ Activities of the Thought Leadership & Innovation and Market Practices & Regulatory Guidance streams: the main costs are related to consultancy services to support working and expert group meetings, to help develop publications and to facilitate workshops and materials. The members' demand for extended activities,

especially in the area of Market Practices & Regulatory Guidance, is reflected by an increase of the related consultancy cost by EUR 50 K for 2021.

Other costs in this area 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 publications and other communication formats
- ≡ costs for participation at industry events

5.3 PROJECTED REVENUES FOR 2021

The 2021 budget revenues are projected to be EUR 1.9 M, 5% less than the 2020 actuals. This mainly results from a conservative approach with regard to revenue forecasts.

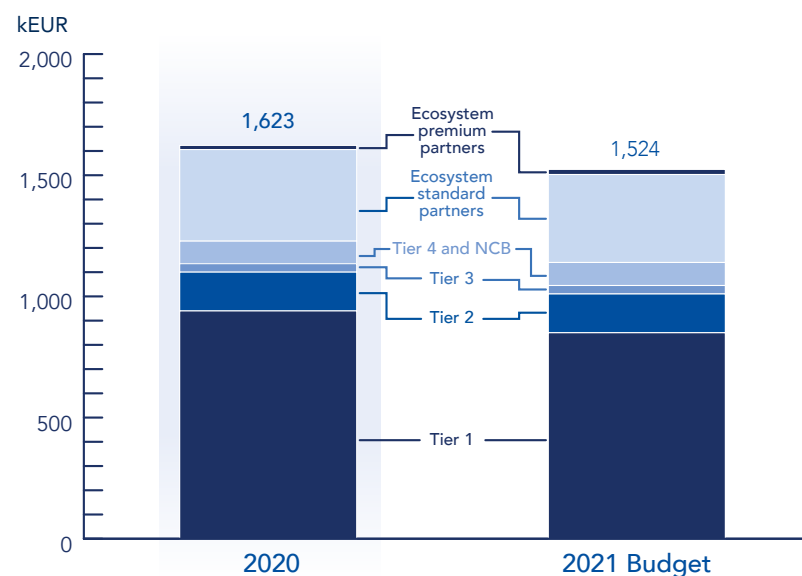
5.3.1 MEMBERSHIP REVENUES

In light of the ongoing consolidation activities in the payments industry and reduced membership promotion opportunities due to limited relationship activities in 2020 and in the first half of 2021, it is expected that the Association will in 2021 collect membership fees of EUR 1.5 M (-6% compared to 2020 actuals).

5.3.2 NON-MEMBERSHIP REVENUES

The net revenues related to the organisation of the EBA educational activities and EBAday are projected to amount to EUR 340 K in 2021, which is comparable to the 2020 budget and quite similar to the 2020 actuals. Offering and running the planned events, however, will strongly depend on the Covid-19-related situation in the second half of 2021 and its impact on specific events.

MEMBERSHIP FEE STRUCTURE: ACTUALS 2020 VS BUDGET 2021



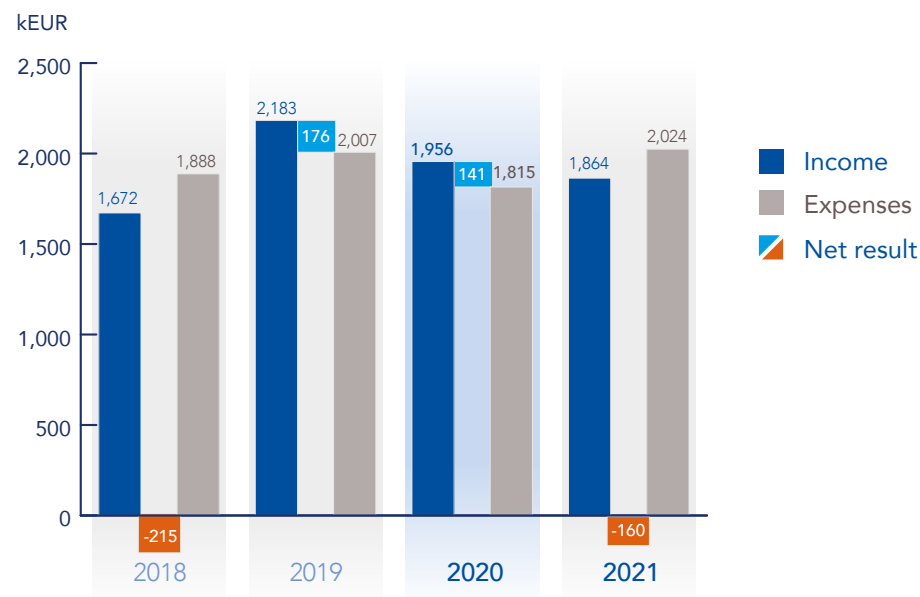
5.4 INCOME TAX AND RESULTS FOR 2021

Therefore, with total revenues at EUR 1 864 K and total costs at EUR 2 024 K, the Association is budgeting a loss for 2021 at EUR -160K, which will incur no income tax.

Q2 2021 ADDENDUM AFTER THE BUDGET APPROVAL BY THE BOARD

With regard to the continuing Covid-19-related restrictions, a potential negative impact on the EBA budget 2021 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 2019 | Budget 2020 | Actuals 2020 | Actuals 2020 vs budget | Budget 2021 |
|--|--------------|--------------|--------------|---------------------------|--------------|
| (1) Revenues | 2,183 | 2,005 | 1,956 | -49 | 1,864 |
| MEMBERSHIP FEES (including entrance fees) | 1,643 | 1,665 | 1,623 | -42 | 1,524 |
| OTHER FEES – ACTIVITIES REVENUES | 539 | 340 | 333 | -7 | 340 |
| (2) Costs to support activities (including SIBOS & EBAday) | 405 | 400 | 258 | -142 | 377 |
| EXHIBITION COSTS | 30 | 114 | 8 | -106 | 29 |
| EDUCATIONAL ACTIVITIES | 90 | 90 | 60 | -30 | 90 |
| OPEN FORUM AND WORKING GROUPS | 285 | 196 | 190 | -6 | 258 |
| Activities gross margin (1)-(2) | 1,778 | 1,605 | 1,698 | 93 | 1,486 |
| (3) Operating charges | 1,602 | 1,601 | 1,557 | -43 | 1,646 |
| COMMUNICATION | 15 | 30 | 12 | -18 | 47 |
| CONSULTANCIES | 85 | 45 | 60 | 15 | 83 |
| EQUIPMENT AND SERVICES | 4 | 50 | 36 | -14 | 50 |
| EXTERNAL RELATIONS | 75 | 60 | 37 | -23 | 60 |
| FINANCIAL COSTS AND TAXES | 29 | 20 | 15 | -5 | 20 |
| HUMAN RESOURCES, SERVICE AGREEMENT AND IT | 1,384 | 1,344 | 1,363 | 19 | 1,344 |
| AMORTISATION | 10 | 51 | 10 | -41 | 40 |
| OTHER COSTS AND INCOME TAXES | 0 | 0 | 25 | 25 | 2 |
| Grand Total (1)-(2)-(3), Result before tax | 176 | 4 | 141 | 137 | -160 |

6. APPENDICES

6.1 APPENDIX 1

ACCOUNTS AS OF 31 DECEMBER 2020

The accounts as of 31 December 2020 are attached separately.

6.2 APPENDIX 2

LIST OF EBA MEMBERS (AS OF 15 MAY 2021)

| | |
|---|--|
| ≡ ABANCA Corporación Bancaria, S.A. | ≡ Banque et Caisse d'Epargne de l'Etat |
| ≡ ABN AMRO Bank N.V. | ≡ Banque Internationale à Luxembourg |
| ≡ Aktia Bank plc | ≡ Banque Michel Inchauspé (BAMI) |
| ≡ Allgemeine Sparkasse Oberösterreich Bank AG | ≡ Banque Palatine |
| ≡ Allied Irish Banks, p.l.c. | ≡ Barclays Bank Plc |
| ≡ Alpha Bank AE | ≡ Belfius Bank SA/NV |
| ≡ Banca del Fucino | ≡ BKS Bank AG |
| ≡ Banca Monte dei Paschi di Siena SpA | ≡ BNP Paribas Fortis SA/NV |
| ≡ Banca Popolare del Lazio | ≡ BPCE |
| ≡ Banca Popolare di Sondrio | ≡ BPER Banca S.p.A. |
| ≡ Banca Sella S.p.A. | ≡ bpost SA de droit public |
| ≡ Banco BAI Europa S.A. | ≡ BRED Banque Populaire |
| ≡ Banco Bilbao Vizcaya Argentaria S.A. | ≡ Caixa Central de Crédito Agrícola Mútuo |
| ≡ Banco BPM S.p.A. | ≡ CaixaBank S.A. |
| ≡ Banco Comercial Português SA | ≡ Caja Laboral Popular, Coop. de Crédito |
| ≡ Banco Cooperativo Español SA | ≡ Cassa di Risparmio di Fermo S.p.A. |
| ≡ Banco de Sabadell S.A. | ≡ CECABANK S.A. |
| ≡ Banco Santander S.A. | ≡ Citibank Europe Plc |
| ≡ Bank für Tirol und Vorarlberg AG | ≡ Commerzbank AG |
| ≡ Bank GPB International S.A. | ≡ Crédit Agricole S.A. |
| ≡ Bank of Åland PLC | ≡ Crédit Mutuel Arkéa |
| ≡ Bank of America Europe DAC | ≡ Credito Emiliano SpA |
| ≡ Bank of China | ≡ Credito Valtellinese S.C. |
| ≡ Bank of Ireland | ≡ Danske Bank A/S |
| ≡ Bank of Slovenia | ≡ De Nederlandsche Bank N.V. |
| ≡ Bankinter S.A. | ≡ 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 Coop.
- ≡ 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
- ≡ Raiffeisen-Landesbank Tirol 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 2021)

- ≡ Accenture GmbH (Germany)
- ≡ ACE Software Solutions (Pelican)
- ≡ ACI Worldwide (EMEA) Limited
- ≡ Auriga S.p.A.
- ≡ Axway Software
- ≡ Bankgirot
- ≡ BankiFi Ltd.
- ≡ BearingPoint GmbH
- ≡ 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
- ≡ 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.
- ≡ Incentage AG
- ≡ INNOPAY B.V.
- ≡ Intercope International Communication GmbH
- ≡ Intraday Inc.
- ≡ Lipis Advisors GmbH
- ≡ Mastercard Europe SA
- ≡ Microsoft Corporation
- ≡ MONTRAN Corporation
- ≡ MsgGillardon AG
- ≡ 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
- ≡ SIA S.p.A
- ≡ SIX BBS AG

- ≡ Software Integrators Ltd
- ≡ STET
- ≡ TAS S.p.A.
- ≡ Temenos UK Ltd
- ≡ THALES DIS FRANCE SA (GEMALTO)
- ≡ TietoEVRY
- ≡ Van den Berg AG
- ≡ Visa Europe Limited
- ≡ Volante Technologies, Inc.

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