

# REPORT OF THE BOARD 2018

ANNUAL  
GENERAL  
MEETING  
17 JUNE 2019

DUBLIN  
LISBON

STOCKHOLM

THE HAGUE

LUXEMBOURG

BRUSSELS

HELSINKI

FRANKFURT

PARIS

LONDON

VIENNA

MILAN

# CONTENT

AN INTRODUCTION BY THE CHAIRMAN .....	4
AN INTRODUCTION BY THE SECRETARY GENERAL.....	7
1 REPORT ON EBA ACTIVITIES IN 2018 AND OUTLOOK FOR 2019+.....	12
1.1 REPORT ON WORK STREAMS IN 2018.....	12
1.2 GOVERNANCE REVIEW .....	20
1.3 MARKETING AND COMMUNICATIONS .....	21
1.4 CHANGES IN THE BOARD OF THE ASSOCIATION.....	22
BOARD OF THE EURO BANKING ASSOCIATION .....	24
1.5 CHANGES IN EBA MEMBERSHIP .....	26
1.6 OUTLOOK FOR 2019+.....	27
2 FINANCIAL SITUATION, P&L STATEMENT AS AT 31 DECEMBER 2018 .....	32
2.1 OVERALL EXPENSES INCURRED IN 2018 .....	32
2.2 REVENUES IN 2018 .....	33
2.3 INCOME TAX AND RESULTS FOR 2018 .....	34
2.4 EBA BUDGET FOR 2019 .....	36
2.5 PROJECTED REVENUES FOR 2019 .....	38
APPENDIX 1 .....	41
APPENDIX 2 .....	42

## AN INTRODUCTION BY THE CHAIRMAN

Over the past year, in the run-up to the recent European elections, a lot of public debate has been focussing on the why and how of European co-operation and integration. And more often than not, both aspects have been discussed against the background of ongoing change and disruption shaped by strong market forces at global level.

In the payments arena, this discussion has been revolving around questions such as those asked by Sabine Lautenschläger, Member of the Executive Board of the European Central Bank, in her speech at an ECB conference in May: “What is the biggest challenge for payment service providers in Europe? Is it the harmonisation and integration measures introduced by central banks and regulators, or is it global competition? Might it not be more future-oriented to aim to deliver strong and resilient domestic European payment services in general and truly pan-European instant payment solutions in particular, rather than defending national legacies or creating new regional or group-specific solutions?”<sup>1</sup>

As a co-operative undertaking with a pan-European DNA, the Euro Banking Association has not been untouched by this evolving industry discourse and the market developments at European and global level driving it. This discourse and the co-operation needs lying at its heart have only confirmed the course on which we embarked following our governance review completed in 2018. In line with the measures approved at our Annual General Meeting 2018, the EBA put a particular focus on further beefing up its

Thought Leadership & Innovation and its Market Practices and Regulatory Guidance activities, as reflected in the strengthened value proposition agreed by our members.

The Market Practices and Regulatory Guidance stream in particular saw a strong growth of co-operation activities over the past year, triggered by the need to ensure pan-European harmonisation at (scheme or regulatory) implementation level. In the context of the ongoing SCT Inst ramp-up, these efforts were motivated by the strife for more pan-European alignment at operational level – and thus for a smoother end-to-end processing experience. They resulted in the delivery of market practice recommendations addressing specific topics, like reason code usage.

In other areas, such as testing activities in preparation of the future access-to-account requirements or the implementation of the new fraud reporting guidelines by the European Banking Authority, the emphasis was placed on creating awareness about pain points or about topics where additional clarification would be needed.

At the EBA, we are very happy to continue facilitating this work on Market Practices and Regulatory Guidance, since it supports a uniform implementation of harmonisation and integration measures at operational level and thereby helps to pave the way for the delivery of payment services that are pan-European down to their core.

Our other key activity stream, Thought Leadership & Innovation, has made major strides over the past year as well. It is noteworthy that, while they have been unlocking new topics, such as developments



in the corporate liquidity management ecosystem or the benefits of combining smart contracts and the use of cryptotechnologies, the respective EBA working groups have seldom stopped at the European borders. Whether zooming in on the above topics or on open banking or artificial intelligence, the groups have increasingly been taking into consideration global trends and developments in their different focus areas and have registered growing interest from international participants. The importance of the global dimension around many of these topics has also made itself felt in the Association’s educational programme, which already went global both topic- and location-wise with the launch of the EBA Global Seminars in 2017.

As a result of these developments, the EBA Board agreed earlier this year to propose to its members an expansion of the Association’s geographical membership criteria to encompass banks located in OECD countries. We hope this move will further broaden the horizon of the Association and we look forward to gaining further perspectives on industry developments in other regions around the world as well as on their take on new technologies.

At the same time as we are further expanding and intensifying our global exchanges on payments trends, we will also continue our community sessions at regional and local level. Hosted by a local member or community and predominantly held in the local language,

<sup>1</sup> Welcome address at the ECB conference “An innovative single market for the euro”, Frankfurt am Main, 6 May 2019  
<https://www.ecb.europa.eu/press/key/date/2019/html/ecb.sp190506~14299d5b80.en.html> (accessed on 27 May 2019)

these information and networking sessions bring together local experts engaged in our working groups with their peers for an in-depth dialogue among practitioners. We had two very successful sessions in Austria and Italy in 2018 and we are eager to engage in this face-to-face exchange with more of our members in 2019 and beyond to learn first-hand about the topics and challenges that matter to them most.

Coming back to Ms Lautenschläger's initial question "What is the biggest challenge for payment service providers in Europe?", some may argue that the answer is digital transformation, which at the same time also happens to be a major opportunity, of course. Both our flagship event EBAday 2019 and the newly created Open Forum on Open Banking and Digital Transformation are zooming in on this topic and looking at both sides of the coin: the innovative propositions fuelled by the positive disruption of this transformation as well as those aspects of it that are especially hard to tackle in a network industry, such as bridging the gap between legacy systems and the API future.

While we are struggling to embrace this transformation at a collective and individual level, we should at all times remain focussed on how it affects the needs and expectations of end-customers. Our Liquidity Management Working Group set an inspiring example to that effect: it went as far as to build a direct corporate feedback loop into its meeting structure. To ensure a broad, more varied and, most importantly, customer-centric perspective, its meetings were flanked by panel discussions with several corporate customers to help working group members test, complement and evolve their findings. This approach very much supported the group in its aim to identify and understand client

needs and trends within the corporate liquidity management ecosystem as well as how this ecosystem is affected by regulations and digitalisation.

Together with our Secretary General and the whole EBA Team, my Board colleagues and I will continue our efforts to keep the work of the Euro Banking Association relevant and impactful for our members, thereby supporting their customers and the wider payments ecosystem. We look forward to driving and executing this pan-European vision and agenda based on the support of our membership and on the active co-operation of more than 300 practitioners engaged in our activity streams.



Wolfgang Ehrmann

## AN INTRODUCTION BY THE SECRETARY GENERAL

"There are people who pay well, who pay badly, people who pay promptly, who never pay, people who pay slowly, who pay cash, who pay off, who pay more, who pay back but you won't find any people who like to pay." This quote, attributed to the German mathematician and scientist Georg Christoph Lichtenberg (1742 – 1799), perfectly describes how payments continue to be perceived by the (paying) public: as a necessary evil rather than a valued process.

For payees and other market players, however, payments are very important and highly valued – either because they successfully complete a business transaction these players have a stake in or because they provide data that could help generate future business. For such entities, the current times are fascinating and full of opportunities, since the circle of organisations with access to end-customers' payment functions or data is about to significantly increase, thanks to the PSD2 access-to-account requirements kicking in by 14 September 2019.

As revealed in a recent sounding among Euro Banking Association members, there are still a few open questions in the market. The uptake of testing activities among TPPs wishing to access payment accounts is also still rather modest so far. But, at the same time, the growing number of TPP licences is indicating that the main goal of these specific PSD2 requirements should be reached: account holders will be able to provide third parties with access to their payment account's payment functions and/or data, as a basis for the delivery of innovative and fully integrated service offerings by these third parties.

These offerings would be very limited in scope and impact if they had to draw all their impetus from PSD2 though. As things stand, they can rely on other important change drivers too: a tremendous pace in technological developments and a strong push for digitalisation and real-time processes in many industries, which is fuelled by new technology, such as 5G, as well as by supportive regulatory measures, such as the AML5 Directive, and industry initiatives.

Combined with other elements, the AML5 Directive, for instance, has helped to pave the way for more efficient and digitalised know-your-customer processes, which could be facilitated through distributed ledger technology. This was one of the cryptotechnology use cases our respective working group investigated last year in its thought leadership report "Cryptotechnologies: Improving Regulatory Compliance."

In terms of change-fostering industry initiatives, we should not forget to mention that there is a Single Euro Payments Area featuring an instant payment instrument that 50 to 60% of AS-PSPs operating in this area have already started to roll out. Thus, while many practitioners may regret that the European Union is still quite a few steps away from being a Single Digital Market or from ensuring a level playing field for all PSPs, there has been progress on a number of topics, and this will continue.

The most spectacular signals of ecosystem preparedness, however, come from the supplier corner: in the community of technology providers supporting PSPs and often also





corporates in their payment processing, merger and acquisition activities continue to skyrocket, with over 10 of the more recent deals each having exceeded USD 1 billion. A lot of muscle built up to support and, where possible, shape this brave new world.

In this changing landscape, account-holding institutions have many factors to consider in mapping out their future positioning. They can rely on a number of major assets, from state-of-the-art clearing infrastructure to an established role as trusted custodians of their customers' payment accounts and data. They also have multiple touchpoints with their customers, especially on the payments side: according to a market comparison of different industries by McKinsey, banking ranks high after social media when it comes to customer interactions. Almost 90% of these interactions are originated by payments or payment-related activities.

How AS-PSPs build on this foundation, how they embrace the data exploration and sharing opportunities introduced by PSD2 and other open banking drivers and how they go about digital transformation very much depends on the strategies they develop for their product portfolio and distribution approach. Their positioning in these areas also has a strong impact on their partnership and sourcing decisions. Our Open Banking Working Group (OBWG) has been looking into many of these opportunities over the past two years; the focus of its 2018 paper, for example, was put on consent management as a driver for data opportunities in the business-to-business data sharing context.

It is obvious that in order to determine their future orientation, AS-PSPs will need to keep a close eye on the needs and expectations of their key client segments and of end-customers in general. On the corporate treasury side, for

instance, many companies today already rely to a significant extent on AS-PSP-provided technology and cash management techniques when managing cash, notably when receiving balance and transaction reports, initiating payment instructions and using cash pooling solutions. Over the past six months, our Liquidity Management Working Group has zoomed in on the question how banks can harness technology for the benefit of the corporate liquidity management ecosystem. And we hosted an Open Forum session dedicated to the exchange with corporates on their expectations for real-time business fuelled by real-time payment and reporting capabilities.

While it may not always be easy to anticipate and readily meet the expectations of different customer segments, some core requirements have not changed that much since the age of Lichtenberg: people still do not like to pay, they do not like to wait – whether at the bank counter or for a bus or a taxi – and they certainly do not like feeling treated like 'just the next in line.' For a dive into ways of making the end-to-end transaction journey smoother, please join our July Summer School, which will focus on "The Invisible Payment: How technology and innovation is creating embedded consumer and SME payments".

To support efforts geared at making payments as smooth as possible – let me just mention the key words e-invoicing and request to pay in this context – continued and even increased attention will need to be given to ensuring that the payment process remains in full control of the customer and both fully reliable and highly secure. Against this background, the SCT Inst Migration Action Round Table (SMART2) facilitated by the Euro Banking Association is in the process of completing a set of recommendations supporting fraud detection and combatting efforts at industry level.

It is safe to conclude that creating tomorrow's smooth and safe customer journeys with embedded payment transactions will require collective action at many levels, including pan-European harmonisation. To this effect, our OBWG is currently investigating collaborative use cases for artificial intelligence and our Crypto WG is exploring the use of cryptotechnologies in smart payments supporting the Internet of Things. At the Euro Banking Association, we look forward to continuing our joint activities with our diverse member community to contribute to the evolution of the pan-European payments landscape for the benefit of its users.

Thomas Egner

# CORE ACTIVITIES



# 1 REPORT ON EBA ACTIVITIES IN 2018 AND OUTLOOK FOR 2019+

## 1.1 REPORT ON WORK STREAMS IN 2018

Thanks to the commitment and contribution of the EBA community in 2018, the Association was in a position to take forward and further develop work streams in its revised four key activity areas ‘Thought Leadership & Innovation’, ‘Market Practices & Regulatory Guidance’, ‘Networking & Events’ and ‘Training & Education’.

The over 160 members and associate members of the Association from across Europe and beyond were able to benefit from and contribute to:

- Research into the impact of key change drivers on traditional business and operating models: by practitioners for practitioners, this research helps members to better understand and anticipate key market developments
- Propositions for collective pan-European initiatives and recommendations for members to consider in their individual positioning: these propositions aim to help the EBA membership and key stakeholders to develop collective approaches and unlock value for their own offerings or processes
- Platforms for industry exchange and co-operation at a pan-European level: industry fora and expert panels help to foster understanding, identify gaps, provide guidance or serve as incubators for new collective activities
- Pan-European networking opportunities: EBAday and other EBA events offer insights into industry developments and access to a pan-European network of 1,000+ practitioners and experts
- Training and education opportunities providing highly topical insights from payment practitioners and academics across Europe



The following chapters provide more details on the tasks and work packages that were progressed or completed in the different work streams during the period under report.

### THOUGHT LEADERSHIP AND INNOVATION

#### 1.1.1 OPEN BANKING WORKING GROUP

In 2018, the Open Banking Working Group (OBWG) continued its data exploration assessment.

While previously the OBWG had focused on banks opening up access to customer data driven by PSD2 and in line with GDPR requirements, in 2018 the OBWG took a more holistic approach taking into consideration the end-to-end trade process between businesses and zooming in on the benefits of and challenges around ‘many-to-many’ relations in data sharing between businesses and their service providers, including banks. The group looked in particular into the value banks could provide to their customers by fostering the development of a multilateral and standardised approach to data sharing including standardised digital consent management.

The work of the OBWG resulted in the publication of a thought leadership paper on “B2B Data Sharing: digital consent management as a driver for data opportunities” in June 2018. Placing a special emphasis on the topic of digital consent management and the potential role for banks in this area, the paper also elaborated on the need for banks to proactively address open business models, reassess their role in the new B2B exchange platform landscape and consider strategic

partnerships in this area for the benefit of their customers.

#### 1.1.2 CRYPTOTECHNOLOGIES WORKING GROUP

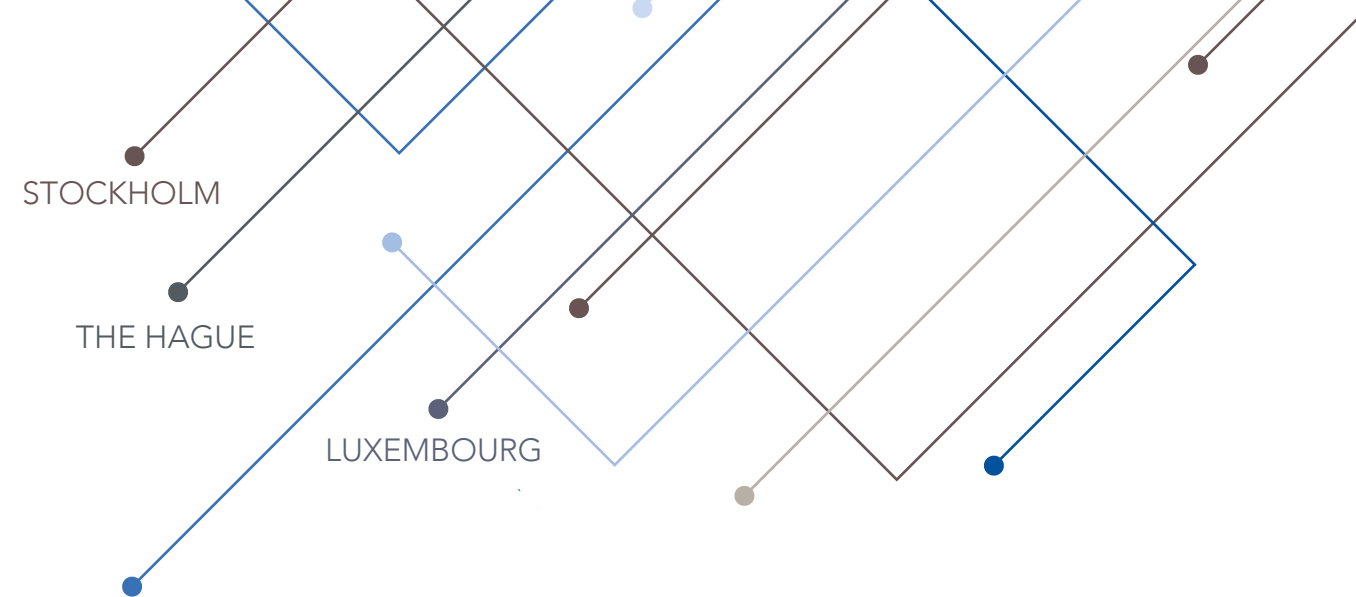
Launched in 2016, the Cryptotechnologies Working Group (CWG) has studied relevant use cases and business models for cryptotechnologies in trade finance and international payments. In late 2017, the CWG started to explore how cryptotechnology-based Regulatory Technology (RegTech) solutions could help financial institutions enhance regulatory compliance processes.

Fulfilling new laws and regulations requirements around anti-money laundering and counter-terrorist financing, sanctions and fraud screening, as well as around opening access to banking and payment systems require flexible and efficient compliance processes. By leveraging emerging technologies, such as artificial intelligence and machine-learning, RegTech solutions can help financial institutions to lower costs, increase speed, free up resources to enable deeper analysis of data and improve overall data quality in relation to their compliance processes.

The EBA working group concentrated on the use of cryptotechnologies for RegTech, which is seen as holding considerable potential to improve the transparency, automation, speed, and resilience of compliance processes within and between financial institutions and regulatory authorities.

In its thought leadership paper “Cryptotechnologies: improving regulatory compliance” issued in October 2018, the





working group examined two attractive areas for distributed ledger technology-based RegTech solutions in particular: know-your-customer data management and regulatory reporting. The report considered RegTech to be an ideal space for banks to collaborate in order to improve regulatory compliance activities and set forth potential next steps to facilitate industry adoption of cryptotechnology-based RegTech for the benefit of both financial institutions and regulatory authorities.

### 1.1.3 LIQUIDITY MANAGEMENT WORKING GROUP

To support liquidity management professionals in better understanding and dealing with ongoing market developments as well as related technical, operational, regulatory and organisational questions, the Euro Banking Association (EBA) launched a Liquidity Management Working Group (LMWG), which began its work in the third quarter of 2017. The objective of the EBA Liquidity Management WG is to deliver thought leadership on liquidity management practices, including an analysis of trends and envisaged future developments, with a clear focus on corporates as end-customers.

In addition to bringing together expert views from 12 European countries, the LMWG ensured from the start an even broader and more varied perspective by building into its discussions a direct corporate feedback loop: each physical meeting was accompanied by panel discussions with several corporate customers from various industries sharing their daily practices with the LMWG. These experience-sharing discussions helped the LMWG members test, complement and evolve their findings.

In June 2018, the LMWG issued its first thought leadership paper “Managing Corporate Liquidity and Bank Liabilities”. In this paper, the working group analysed the effect of Basel III on two key elements of corporate liquidity management – the investment of corporate cash and the future availability of notional cash pooling.

A second phase of research was launched in mid-2018 with the objective to explore the role of technology as an enabler for corporate liquidity management.

### OPEN FORA (FACILITATED BY THE EBA)

With the creation of the Open Fora, the EBA established a meeting format where industry experts across the entire payments ecosystem meet to discuss relevant industry topics and developments with a view to identifying open questions and challenges relating to these as well as potential ways of supporting progress. The EBA acts as a neutral entity, facilitating the meetings of the Open Fora by providing operational and logistical support. Both Open Fora are moderated by independent, neutral and well-known industry experts.

Since their creation in March 2015 (Open Forum on Pan-European Instant Payments) and November 2016 (Open Forum on Open Banking) respectively, both Open Fora have established themselves as insightful pan-European touchpoints and networking platforms for industry players and stakeholders.

In 2018, the EBA facilitated two Open Fora meetings: the Open Forum on Pan-European Instant Payments in April and the Open Forum on Open Banking in June.

#### 1.1.4 OPEN FORUM ON PAN-EUROPEAN INSTANT PAYMENTS (FACILITATED BY THE EBA)

Established as early as 2015, the Open Forum on Pan-European Instant Payments gives industry practitioners and stakeholders the opportunity to exchange information on key developments and remaining challenges around the industry-wide movement towards instant payments. Topics addressed were, amongst others, customer requirements,

developments at the level of (central) infrastructures, payment and other service providers (PSPs and SPs) as well as compliance with regulatory requirements and expectations.

Approximately 100 days after the launch date of the SEPA Instant Credit Transfer (SCT Inst), the Forum met in April 2018 under the motto: “... and now where is the demand side?”. Different to the meetings before, this event solely addressed the needs and requirements of merchants and corporate customers for a successful implementation on their side.

Corporate treasurers and merchant associations presented their views and requirements for making instant payments a valuable proposition meeting their strategic expectations and/or efficiency needs for real-time payments and business processes.

While this Open Forum did not meet again in 2018, the Association build up further awareness around its key insights by making them part of its media campaign focussing on ongoing work (such as at the level of SMART2) and necessary future developments for taking instant payments to the next level.

#### 1.1.5 OPEN FORUM ON OPEN BANKING

The Open Forum on Open Banking is aimed at fostering a practitioners’ dialogue at a pan-European level on developments and challenges with regard to Open Banking, such as security, interoperability and fragmentation. In previous years, the forum focussed on PSD2-related topics as well as current developments with regard to both regulatory and operational aspects of Open Banking.



The participants discussed relevant industry activities around new account information and payment initiation services as regulated by PSD2, API-related standardisation initiatives and work on pan-European directory services in the access-to-account space. The forum also received updates on regulatory initiatives by the EPC/ERPB, the ECB and the European Commission.

In 2018, the forum held a session at EBA Day, where attendees received status updates on Open Banking initiatives taken forward or emerging in different corners of the world, from India and the US to Europe and the UK.

## MARKET PRACTICES AND REGULATORY GUIDANCE

### 1.1.6 PSD2 PRACTITIONERS' PANEL

Throughout 2018, the panel continued to monitor the transposition and implementation of the PSD2 and discussed key developments and open issues related to the regulatory technical standards and guidelines issued by the European Banking Authority as well as their practical impact. Participants kept contributing to the national transposition tables, which were updated on the EBA website in line with the transposition progress.

The panel placed a special emphasis on the access-to-account (XS2A) requirements stipulated by the PSD2. This included, in particular, deep-dives into the European Banking Authority's Regulatory Technical Standards on Strong Customer Authentication and Common and Secure Communication and the Guidelines on the Exemption from the Fall

Back Mechanism under the RTS on SCA and CSC. In November 2018, the panel published the results of a questionnaire on the status of XS2A testing preparations among account-servicing payment service providers (AS-PSPs). The questionnaire was further designed to help identify additional needs or open questions on testing at both individual and industry level.

Aside from fostering expert exchanges among its participants, the panel also received regular updates on other industry groups focusing on PSD2-related topics. This input included guest contributions by organisations and collective undertakings supporting PSD2 compliance and implementation efforts as well as a presentation on "Data protection between GDPR and PSD2" provided by a specialised law firm.

### 1.1.7. SCT INST MIGRATION ROUND TABLE (SMART2)

Following its kick-off in April 2018, SMART2 served as an EBA-facilitated infrastructure-agnostic forum for AS-PSPs operating in Europe, with a focus on issues impacting a smooth end-to-end execution of instant payments in SEPA that might benefit from joint practitioners' analysis and exchange. The objective of this group is for its participants to help identify and ideally solve such issues before instant payment usage increases in scale.

In October 2018, SMART2 published two recommendation notes endorsed by participants in the group. The first note zoomed in on communication practices in cases where PSPs are temporarily unavailable for receiving SCT Inst transactions. The note strongly recommended that PSPs actively communicate



on their unavailability, since this could help to increase transparency in the inter-PSP space and support PSPs in better managing their customers' experience and expectations. There being no established practice in place around the communication on a PSP's unavailability to other parties involved in the inter-PSP space, the SMART2 recommendation note suggested that clearing and settlement mechanisms and their participants should implement communication channels that allow PSPs to communicate quickly and in an automated fashion on any SCT Inst-related unavailability.

The second note issued by SMART2 focused on guidance on the question how beneficiary PSPs should react to SCT Inst transaction causing hits in their internal systems. The note brought together in one place publicly available recommendations from different sources on the handling of transaction hits and subsequent actions at beneficiary PSP level.

In the last quarter of 2018, SMART2 participants started to look more deeply into the usage of SCT Inst reason codes and into

potential best practices around detecting and combatting fraudulent actions in connection with the new payment instrument.

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

#### 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 Forfeiting Association (ITFA), the EBA

continues to promote the use of standard definitions for techniques of supply chain finance. This initiative is a step towards the much-needed standardisation of the SCF industry.

#### 1.1.9 NETWORKING & EVENTS

The EBA organises events that enable payment practitioners to broaden their understanding of the payments business and landscape and to directly interact with peers from payments-related organisations all across Europe and beyond.

In 2018, the EBA continued to deepen its footprint in the organisation of payments-related events. The Association's flagship event, the conference and exhibition EBAday, took place in Munich, Germany, with a 22-session programme, a sold-out exhibition floor and 1,200 attendees. The focus of EBAday 2018 was reflected in its title: "New Payment Paradigms: Preparing for Global Impact". 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, regulatory changes and customer needs. All the networking sessions received very positive feedback and were perceived as lively and informative.

A two-day event, EBAday comprised 16 parallel panel sessions as well as a keynote, a challenge speech, a focus session and three roundtable discussions. The exhibition featured 54 stands. For the third consecutive year, the exhibition floor also included a Fintech zone, in which 10 Fintech start-ups presented their business and innovations to the attendees. The EBA lounge, which was introduced in 2015, was again part of the exhibition floor, offering not only a gathering place to all EBA members, but also a platform for EBA working groups to present and discuss their findings, which they did through six well-attended sessions. Furthermore, for the first time, the EBA presented its activities and offerings on the exhibition floor with its own stand.

In preparation of EBAday 2018, the EBA and Finextra also organised two EBAday Business Fora, one in Frankfurt and one in Dublin. Both fora were well attended. Participants invited to these breakfast sessions discuss selected topics from the EBAday conference programme with three to four keynote speakers opening the session.

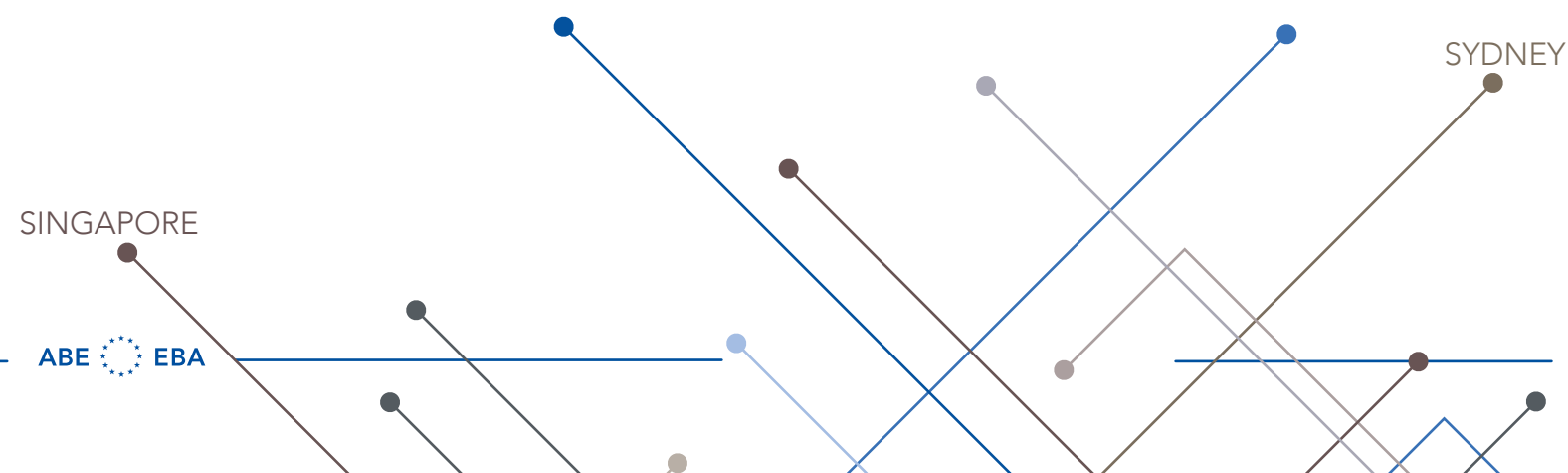
#### 1.1.10 TRAINING & EDUCATION

In 2018, the EBA organised three educational events, allowing members to come together, deepen their knowledge and get fresh perspectives on industry topics that are high up on the agenda of payment professionals:

- ≡ the EBA Summer School "Blockchain Unchained"
- ≡ the EBA Global Seminar "Real-time payments and Open Banking: New realities, new challenges". This seminar was the second of its kind and the first EBA educational event to take place in Singapore in the week prior to Sibos.
- ≡ the EBA Winter School "Planet of the APIs"

The educational events 2018 were attended by 76 delegates, raising the total number of alumni having attended the EBA's educational events to almost 900.

- ≡ With participants from 17 different countries, the first EBA Global Seminar to take place in Asia fostered a truly international discussion on a topic that is of interest worldwide.
- ≡ The EBA Educational Events are geared at providing training and networking opportunities for all EBA Members: while the EBA Summer and Winter Schools are particularly suited to foster and promote emerging talents, the EBA Global Seminars serve as a high-level meeting point of senior managers to discuss, in depth, the strategic future of their businesses.





# 1.2 GOVERNANCE REVIEW

Based on the recommendations of a dedicated Board Governance Task Force (BGTF), the Board endorsed at the end of 2017 the results of a Board governance review project. The key deliverables of this review have been an optimised mission statement, a reviewed and strengthened value proposition as well as new membership conditions including a new membership fee schedule.

In Q1 and Q2 2018 the outcome including the main activities of this project have been presented and explained to the EBA membership at country group level, in bilateral and other meetings.

The revised Articles, supporting the governance-related changes, have been endorsed by the EBA Member representatives

at the EGM 2018. The new Articles entered into force on 1 January 2019. Next to the Articles, the new fee model also entered into force as of January 2019.

In the second part of 2018, the Board discussed a further evolution of the EBA governance, resulting in a proposal for additional changes to the EBA Articles. These changes encompass a geographical extension of the EBA membership base as well as the possibility for proxy voting. These enhancements of the Articles will be submitted to the EBA Member representatives for vote at the EGM 2019.



# 1.3 MARKETING AND COMMUNICATIONS

## 1.3.1 EBA WEBSITE

The EBA Member Portal (<https://www.ebaportal.eu/association>), launched in November 2017, has been further evolved in line with the recent governance changes. New EBA thought leadership publications are now exclusively available to EBA Members and can be downloaded in the EBA Member Portal. Access is open to all employees of EBA Members, who can log in with their professional e-mail address – the EBA Portal recognises the domain names of member organisations and passwords are granted automatically.

## 1.3.2 REGIONAL EBA COMMUNITY SESSIONS

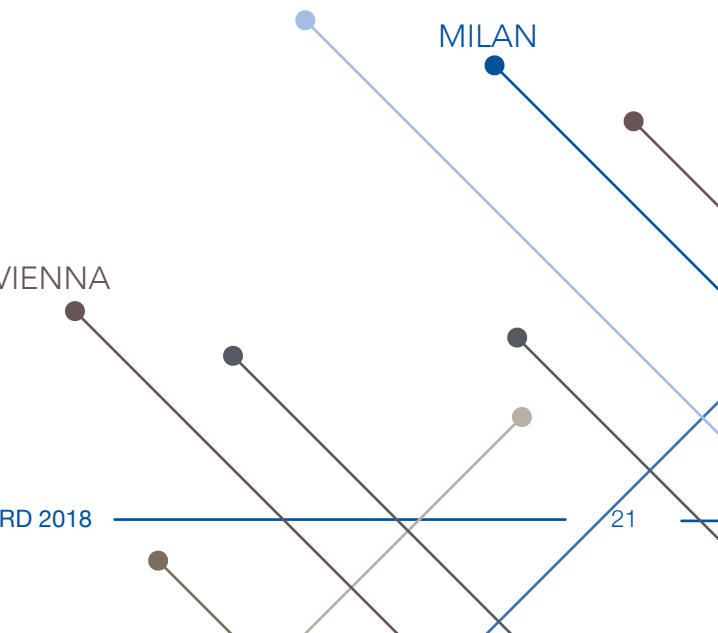
In 2018, the EBA launched a new event format to deepen its regional footprint: held in local language and targeted at EBA members operating in a specific regional or local market, the EBA community sessions are organised with the support of local EBA Board members or member representatives and star speakers 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, ongoing and recent regulatory or market practice guidance and topics covered in the educational seminars of the Association. During the period under report, EBA community sessions were hosted by the Austrian and Italian EBA communities.

## 1.3.3 EXTERNAL CONFERENCES

At Sibos 2018 in Sydney, the Association organised a community session on “Fast-track to the future: How to keep up with ever-accelerating transformation in payments?”, which was attended by 150 participants and where a panel of European practitioners from EBA working groups discussed how Open Banking, real-time liquidity management, crypto-technologies, artificial intelligence and robotics are expected to change the face of the payments landscape in Europe over the next five years.

As in previous years, the Euro Banking Association contributed to the programme and sponsoring of the Euro Finance Week’s payments conference in Frankfurt. The conference took place in November 2017 and was opened by EBA Chairman Wolfgang Ehrmann. The ongoing digitalisation process in payments was at the centre of the agenda of the event.

Furthermore, 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.





# 1.4 CHANGES IN THE BOARD OF THE ASSOCIATION

At the Annual General Meeting (AGM) on 11 June 2018, five Board members were appointed for a three-year term of office as follows:

- ≡ Han Joosten (Rabobank)
- ≡ Fernando Lardiès (Banco Santander)
- ≡ Claudio Magnaghi (Banco BPM)
- ≡ Andrew Smale (Wells Fargo Bank)
- ≡ José Vicente (Banco Comercial Português)

Since the Annual General Meeting on 11 June 2018, the following changes have occurred:

- ≡ Further to Frank Hubloue’s resignation from his position as EBA Board member as of 17 May 2018, and further to a correspondence vote called on 19 June 2018, the Board

appointed Philippe Debrue, Belfius Bank, as EBA Board member for the remaining term of office of Frank Hubloue, i.e. until the end of the Ordinary General Meeting deciding on the accounts of the financial year ending on 31 December 2019.

- ≡ Further to Claus Richter’s resignation from his position as EBA Board member as of 15 April 2019, and further to a correspondence vote called on 24 April 2019, the Board appointed Soey Tin (Tino) Kam, Nordea Bank Abp, as EBA Board member for the remaining term of office of Claus Richter, i.e. until the end of the Ordinary General Meeting deciding on the accounts of the financial year ending on 31 December 2019.



## BOARD OF THE EURO BANKING ASSOCIATION

Accordingly, since 1 January 2019 the Board has been composed of the following persons:

		End of mandate
CHAIRMAN		
Wolfgang Ehrmann	Landesbank Hessen-Thüringen (Helaba)	AGM 2019
DEPUTY CHAIRMAN		
Vincent Brennan	Bank of Ireland	AGM 2019
OTHER BOARD MEMBERS		
Philippe Debrue	Belfius Bank	AGM 2020
Fernando Lardiès	Banco Santander	AGM 2021
Claudio Magnaghi	Banco BPM	AGM 2021
José Vicente	Banco Comercial Português	AGM 2021
Andrew Smale	Wells Fargo Bank	AGM 2021
Krister Billing	Skandinaviska Enskilda Banken	AGM 2019
Gerald Hechl	Raiffeisen Bank International	AGM 2019
Jürgen Wendt	DZ BANK	AGM 2019
Nicola Coyne	Barclays Bank	AGM 2020
Han Joosten	Rabobank	AGM 2021
François-Xavier Nivoit	HSBC France	AGM 2020
Claus Richter	Nordea Bank	AGM 2020
Serge Wagener	Banque et Caisse d’Epargne de l’Etat	AGM 2020

The Chairman thanks those Board members whose mandate will terminate at the Annual General Meeting 2019.

# BOARD OF THE EURO BANKING ASSOCIATION



**Wolfgang Ehrmann**  
Chairman  
LANDESBANK HESSEN-  
THÜRINGEN  
Appointed on 06/06/2016  
End of mandate: AGM 2019



**Vincent Brennan**  
Deputy Chairman  
BANK OF IRELAND  
Appointed on 06/06/2016  
End of mandate: AGM 2019



**Krister Billing**  
SEB  
Appointed on 08/09/2017  
End of mandate: AGM 2019



**Nicola Coyne**  
BARCLAYS BANK  
Appointed on 19/06/2017  
End of mandate: AGM 2020



**Frank Hubloue**  
BELFIUS BANK  
Appointed on 19/06/2017  
End of mandate: 17/05/2018



**Philippe Debrue**  
BELFIUS BANK  
Appointed on 19/06/2018  
End of mandate: AGM 2020



**Gerald Hechl**  
RAIFFEISEN BANK  
INTERNATIONAL  
Appointed on 06/06/2016  
End of mandate: AGM 2019



**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



**François-Xavier Nivoit**  
HSBC FRANCE  
Appointed on 19/06/2017  
End of mandate: AGM 2020



**Claus Richter**  
NORDEA  
Appointed on 19/06/2017  
End of mandate: 15/04/2019



**Soey Tin (Tino) Kam**  
NORDEA BANK ABP  
Appointed on 03/05/2019  
End of mandate: AGM 2020



**Gijs Schreuder**  
ABN AMRO  
Appointed on 12/09/2016  
End of mandate: AGM 2018  
Resigned: 01/01/2018



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



**Ruth Wandhöfer**  
CITIBANK  
Appointed on 25/01/2016  
End of mandate: AGM 2018



**Andrew Smale**  
WELLS FARGO BANK  
Appointed on 11/06/2018  
End of mandate AGM 2021



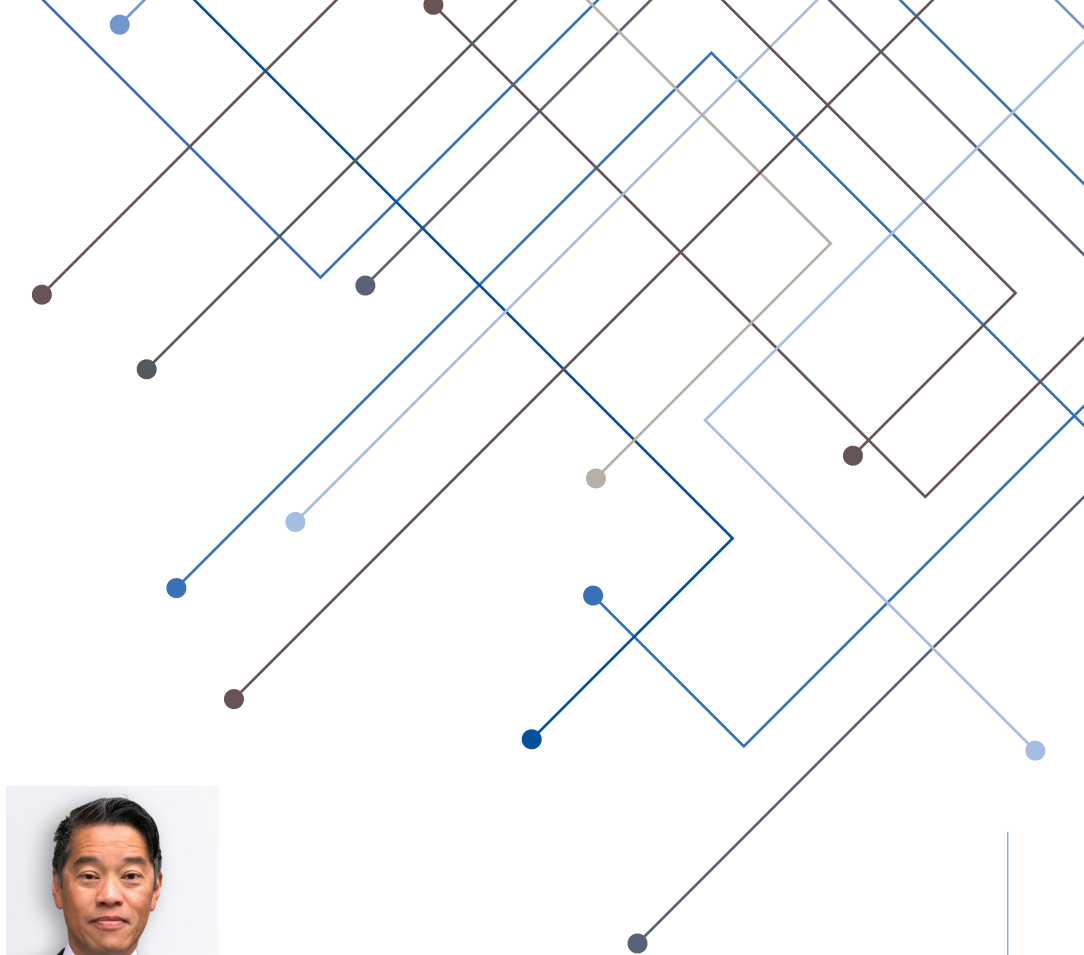
**José Vicente**  
BANCO COMERCIAL  
PORTUGUÊS  
Appointed on 11/06/2018  
End of mandate: AGM 2021



**Serge Wagener**  
BANQUE ET CAISSE  
D'EPARGNE DE L'ETAT  
Appointed on 19/06/2017  
End of mandate: AGM 2020



**Jürgen Wendt**  
DZ BANK  
Appointed on 06/06/2016  
End of mandate: AGM 2019





## 1.5 CHANGES IN EBA MEMBERSHIP

### EBA BOARD MEETINGS

In 2018, the Board met on:

- ≡ 21 February
- ≡ 4 May
- ≡ 18 May
- ≡ 5 July
- ≡ 20 September
- ≡ 15 November
- ≡ 26 November

Since 1 January 2019, the Board has met on:

- ≡ 21 February
- ≡ 9 May
- ≡ 23 May

Since the last AGM on 11 June 2018 until 31 May 2019, both the number of EBA members and the number of EBA Associate members have remained stable despite the statutory changes in the membership structure.



## 1.6 OUTLOOK FOR 2019+

In the face of the increasing amount of changes that continues to impact the payments environment at an accelerating pace, an open and broad exchange of views, experience and industry strategy considerations between practitioners from banks, technology suppliers and other stakeholders represents a source of helpful guidance.

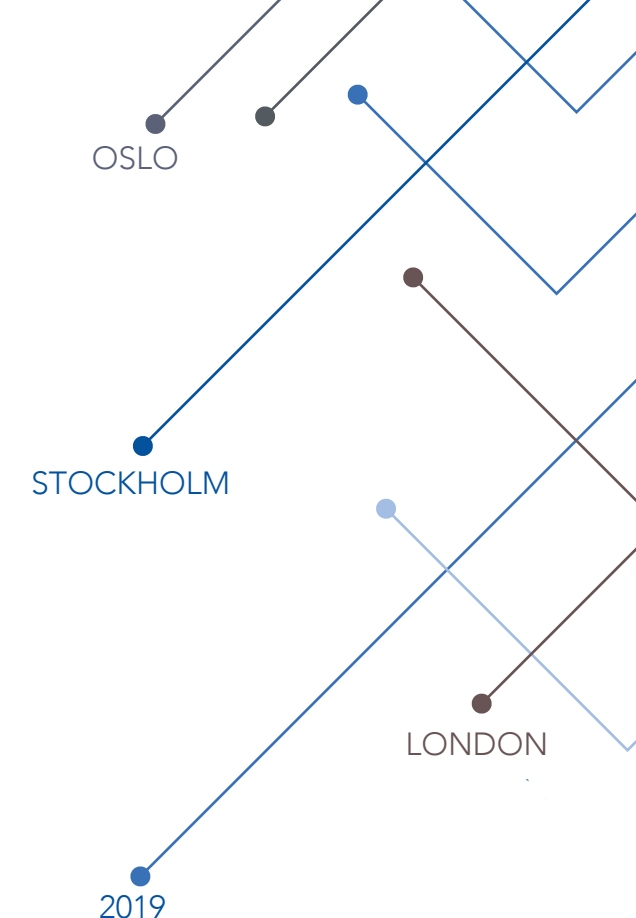
The agenda for this exchange within and beyond the EBA community as well as for the Association's events and educational programme is set by the members of the Association.

In line with the membership proposition for 2019, which was submitted to all EBA members in December 2018 together with their pro forma invoice for 2019, the EBA is pursuing work streams related to the following:

- ≡ Cryptotechnologies and Smart Payments: how financial infrastructures should evolve to help enable secure, flexible ecosystems for smart payments and the Internet of Things (IoT);
- ≡ Liquidity Management: supporting liquidity management professionals in better understanding and dealing with ongoing market developments as well as related technical, operational, regulatory and organisational questions;
- ≡ Open Banking: exploring the possibilities of co-operation when using artificial intelligence (AI) in data sharing and control processes;
- ≡ Open Forum on Open Banking and Digital Transformation: fostering a transparent and cohesive discussion around the impact of Open Banking, and of the ongoing introduction of real-time end-to-end processes in general, on the

wider payments and transaction banking landscape;

- ≡ PSD2 Practitioners' Panel: assisting the EBA membership and the wider industry in fully grasping the compliance-related implications of the revised Payment Services Directive (PSD2) and related EBA Regulatory Technical Standards and Guidelines;
- ≡ SCT Inst Migration Round Table (SMART2): targeting issues that may impact a smooth end-to-end execution of instant payments in SEPA and may benefit from joint analysis and exchange, the round table provides a space for consultations on issues of operational nature that need to be collectively addressed;
- ≡ The organisation of pan-European educational and networking events;
- ≡ Contributing to the evolution of the pan-European payment ecosystem.





## THOUGHT LEADERSHIP AND INNOVATION

### 1.6.1 OPEN BANKING WORKING GROUP

Artificial intelligence (AI) has the ability to revolutionise the financial services sector. Due to its capabilities of automated and autonomous decision-making, AI allows new ways of value creation. In the era of data sharing, GDPR and PSD2 are defining the baseline for data sharing, while Open Banking sets a framework for the availability and accessibility of data.

Against this background, the EBA Open Banking Working Group agreed, for the next phase of its activities, to turn its focus on collaborative opportunities in the AI area, which have not attracted much attention yet. The group has started to assess the potential of AI-supported analytics for a number of collaborative use cases, where it may help to increase efficiency and resilience for the benefit of the overall ecosystem.

The results of this work will be reflected in a publication on “Artificial Intelligence in the era of Open Banking” scheduled to be delivered in time for EBAday.

### 1.6.2 CRYPTOTECHNOLOGIES AND SMART PAYMENTS WORKING GROUP

Increased process automation in the financial sector, coupled with the rise of distributed ledger technology and artificial intelligence, is moving toward a point where autonomous devices interact with each other without manual intervention. This development, the so-called Internet of Things, requires that

financial institutions assess new strategies to transform their IT and business models. Mechanisms to enable smart payments, i.e. automated instant payments (including small-value and micropayments), need to be developed.

Considering the increasing significance of the Internet of Things and its expected impact on the financial sector, the EBA Board has recently extended the mandate of the EBA Cryptotechnologies Working Group to exploring smart payments. To reflect this new focus, the working group has been renamed Cryptotechnologies and Smart Payments Working Group.

By exploring the opportunities and challenges of smart payments, the working group intends to help EBA member institutions understand how existing infrastructures and/or emerging technologies could be leveraged to support the smart economy.

### 1.6.3 LIQUIDITY MANAGEMENT WORKING GROUP

In 2019, the LMWG completed its second phase of research exploring how recent and emerging technology and related changes are impacting and could support day-to-day activities in corporate liquidity management. As technology provides operational efficiencies and benefits both for the bank and the corporate side of the liquidity management ecosystem, and in the future, corporate reliance on technology is likely to increase across the whole range of liquidity management tasks, the new LMWG publication explores how banks harness technology to retain existing and build new relationships with their target corporate client groups.



The LMWG’s thought leadership paper “How banks can harness technology for the benefit of the corporate liquidity management ecosystem” was published in April 2019.

In January 2019, the group launched phase 3 of its thought leadership work aimed at exploring the implications of the introduction of instant payments and new intraday liquidity regulations on the corporate liquidity management ecosystem. A paper focussing on these topics is planned to be released in time for Sibos.

### 1.6.4 OPEN FORUM ON OPEN BANKING AND DIGITAL TRANSFORMATION (FACILITATED BY THE EBA)

Over the last couple of years, the EBA has been facilitating two very successful Open Fora: the Open Forum on Pan-European Instant Payments and the Open Forum on Open Banking. Their aim was to create a platform for all industry participants to come together to exchange information on and discuss existing and budding market trends and needs, as well

as understand the perimeter for and related benefits of any collaborative initiatives in these new areas.

Given the industry-wide progress made in the implementation of both open banking and instant payments and the convergence of many of the topics involved, the EBA Board agreed in late 2018 that the time had come to merge these two fora into one Open Forum. To this effect, the EBA Board has agreed to launch an “Open Forum on Open Banking and Digital Transformation” succeeding the two previous Open Fora.

The Open Forum on Open Banking and Digital Transformation will pick up digitalisation as a major industry trend and focus on the use of future-oriented technologies, such as AI, robotics or cloud technology, on questions around security such as cyber-threats or fraud risks, new methods of customer interaction as well as implementation challenges in general.

## MARKET PRACTICE AND REGULATORY GUIDANCE

### 1.6.5 PSD2 PRACTITIONERS' PANEL

With the test environments for third-party access to payment accounts having to be in place by March 2019 and key XS2A provisions kicking in in September 2019, participants in the PSD2 Panel exchanged updates on the progress of their implementation programmes and discussed any practical issues they had encountered as well as their concerns around the level of preparedness of the overall ecosystem.

The panel also zoomed in on the Guidelines of the European Banking Authority on the conditions to benefit from an exemption from the contingency mechanism under Article 33(6) of Regulation (EU) 2018/389 (RTS on SCA & CSC), which had been published on 4 December 2018. Panel participants shared information on their community discussions around the fallback exemption topic and practical ways forward.

In April 2019, the panel launched another survey among EBA member institutions and other AS-PSPs to get a more granular picture on the status of XS2A testing activities and any individual or collective preparations for AS-PSPs getting exemptions from providing XS2A fallback solutions.

Furthermore, in order to meet the need for a detailed analysis of both the EBA Guidelines on Fraud Reporting and of the Guidelines of the European Banking Authority on Security Measures for Operational and Security Risks raised by PSD2 Practitioners' Panel participants and participants in the SCT Inst

Migration Action Round Table in the fourth quarter of 2018, the Euro Banking Association organised a series of joint workshops covering both sets of Guidelines from January to April 2019.

A key deliverable of these workshop sessions was a note on fraud reporting consolidation issued on 9 April 2019 with the endorsement of 18 AS-PSPs from 10 European countries. In order to ensure a uniform, consolidated and stable approach to fraud reporting across all Member States of the European Union, the note called on EU regulators to put on hold the implementation of the Guidelines of the European Banking Authority on Fraud Reporting under PSD2 until the entry into force of the revised ECB Regulation on Payments Statistics.

The note set forth recommended steps to minimise fragmentation risks and ensure both maximal legal certainty and longer-term viability for the implementation programmes that PSPs and their national competent authorities are currently putting in place for fraud reporting.

Work continues on a number of topics, such as the question how to define and clearly distinguish e-money transactions.

### 1.6.6 SCT INST MIGRATION ROUND TABLE (SMART2)

In 2019, SMART2 continued to focus on two topics in particular: SCT Inst reason code usage and enhanced fraud detection measures. Work began on the creation of a table detailing country-specific restrictions regarding the use of certain reason codes in the SCT Inst context.

The SMART2 sub-group on sanction-screening and fraud detection measures turned its attention to delivering an overview of national fraud information registers as well as best practice recommendations for detecting and combatting fraud in relation to SCT Inst transactions in particular. Since successful fraud prevention and detection heavily depends on the creation and nurturing of a supportive ecosystem, it is planned to submit a draft version of this best practice document to relevant stakeholders for consultation in May 2019.

### 1.6.7 CONTRIBUTION TO THE EVOLUTION OF THE PAN-EUROPEAN PAYMENTS ECOSYSTEM

As in previous years, the EBA will also continue to contribute to the delivery of Market Practices & Regulatory Guidance through its participation in industry bodies and initiatives.

### 1.6.8 NETWORKING & EVENTS

The 2019 edition of the EBA's flagship event EBAday will take place in Stockholm, Sweden, under the headline "Accelerating digital transformation in payments". The event will again feature a large exhibition floor and a fintech zone, where start-ups can present their latest products or innovations. This year, they will also be able to pitch their ideas to the audience in interactive sessions.

As in 2018, the Euro Banking Association will showcase its activities and thought leadership deliverables at a dedicated EBAday stand. Furthermore, members of different EBA working and expert groups will share and discuss key findings and recommendations with interested EBAday attendees at the EBA Lounge.

Three to four EBAday Business Fora organised in the run-up to EBAday will focus on the key topics open banking and instant payments.

### 1.6.9 TRAINING & EDUCATION

The EBA Liquidity Management Training Seminar that was held in Oslo, Norway, on 12 and 13 March 2019 focussed on "Managing corporate liquidity in changing and disruptive times". The EBA Summer School 2019 will address how technology and innovation are creating embedded consumer and SME payments. A third EBA Global Seminar, which again focuses on real-time payments and open banking, will take place in London on 19 and 20 September 2019, in the week prior to Sibos. The EBA plans to also hold an EBA Winter School in late 2019.

### 1.6.10 OTHER

The EBA will be present with EBA CLEARING at the Sibos exhibition in London and plans to contribute a community session to the conference programme.

### 1.6.12 MEMBERSHIP

As at 31 May 2019, the total number of members and associate members was the following:

- ≡ Members: 111
- ≡ Associate Members: 51

# 2 FINANCIAL SITUATION, P&L STATEMENT AS AT 31 DECEMBER 2018

The Association ended the fiscal year 2018 with a net negative result of EUR 215 K, a difference of EUR 185 K compared to 2017 where the Association had recorded a negative result of EUR 30 K. This negative development in 2018 is largely attributed to lower revenues at the level of non-membership revenues. Solid past retained earnings carried forward allowed this 2018 loss to be fully absorbed with net retained earnings of EUR 770 K at 31 December 2018.

## 2.1 OVERALL EXPENSES INCURRED IN 2018

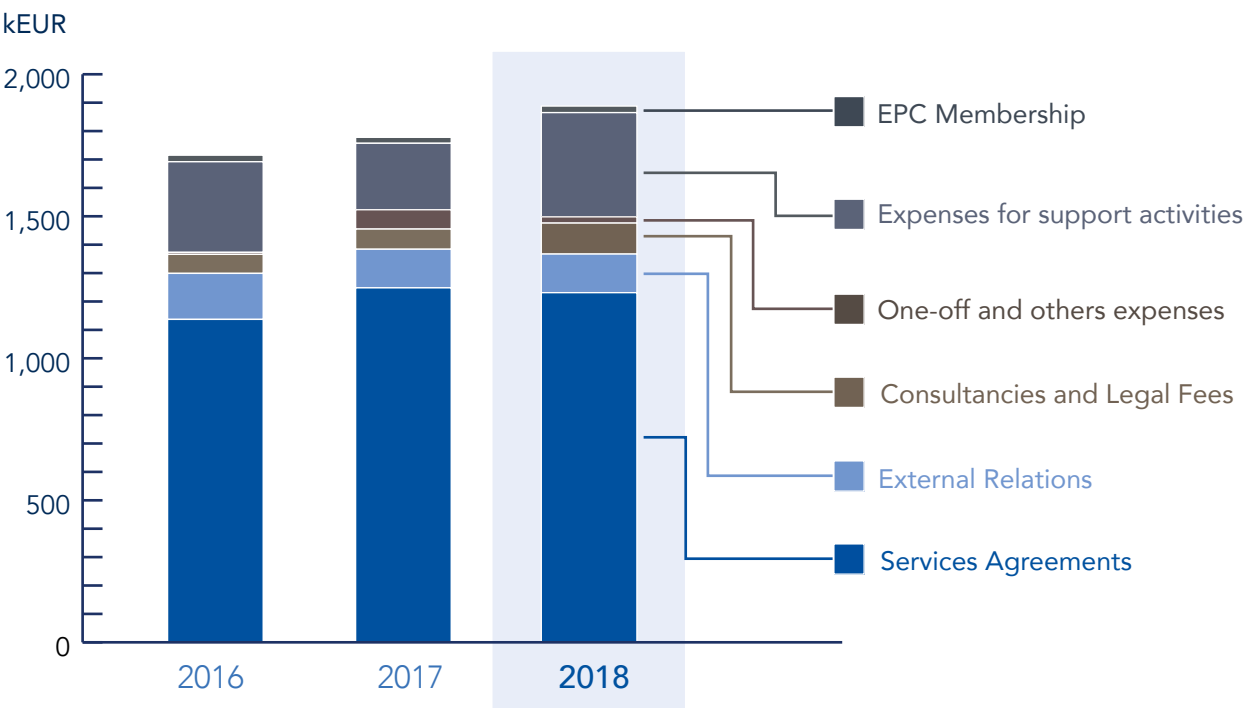
The expenses of the Association amounted to EUR 1.9 M in 2018 compared to EUR 1.8 M in 2017. This corresponds to a year-on-year increase of 4%. The increase is ascribed to a change of allocation in the Association's

operating expenses affecting, principally, the costs to support activities, including costs related to educational activities.

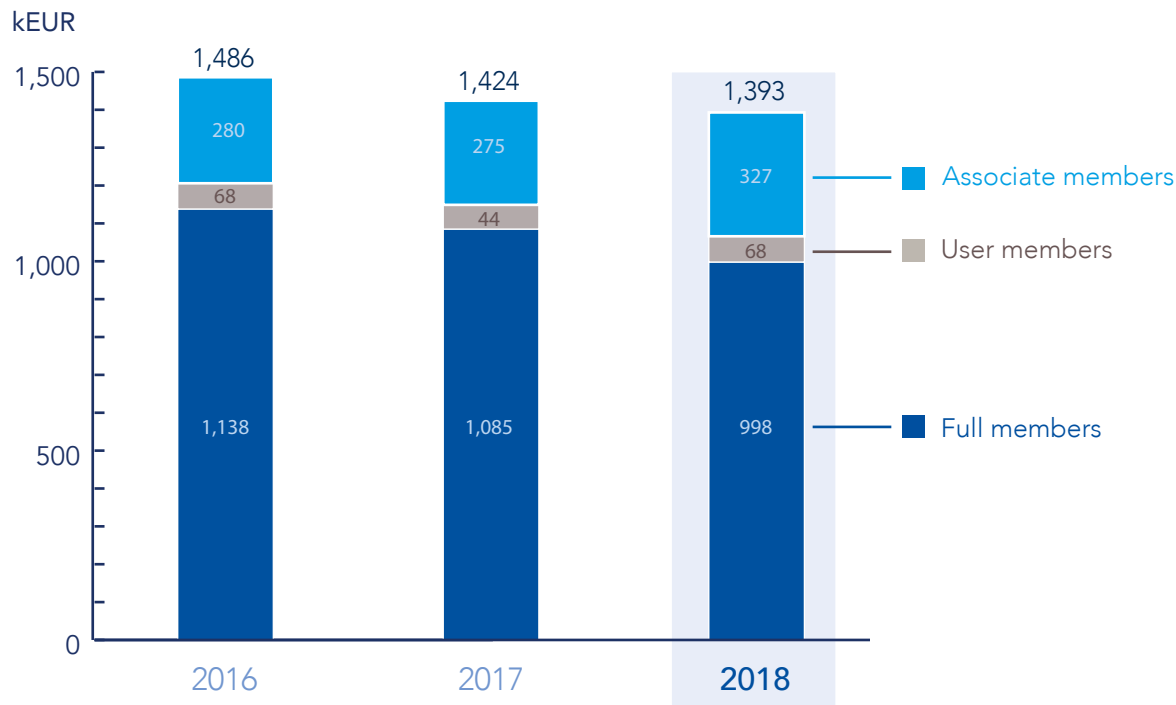
### 2.1.1 EBA SUPPORT ACTIVITIES

Activities organised by the Association to support the membership are mainly the operation of three different working groups, two Open Fora, the PSD2 Practitioners' Panel and SMART2 as well as the participation in important industry events, such as Sibos. The expenses relating to all of these activities amounted to EUR 367 K in 2018.

#### EXPENSES EVOLUTION



#### MEMBERSHIP FEE STRUCTURE



### 2.1.2 GENERAL AND 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, consultancies and any legal fees that are not related to any specific support activity of the Association.

The level of these expenses decreased by 4% on a year-on-year basis, from EUR 1.6 M in 2017 to EUR 1.5 M in 2018, mainly explained by a reduction in the governance costs in 2018.

## 2.2 REVENUES IN 2018

The total revenues of the Association amounted to EUR 1.7 M in 2018, which represents a 6% decrease from 2017. This negative evolution was caused by a decrease in non-membership revenues.

### 2.2.1 MEMBERSHIP REVENUES

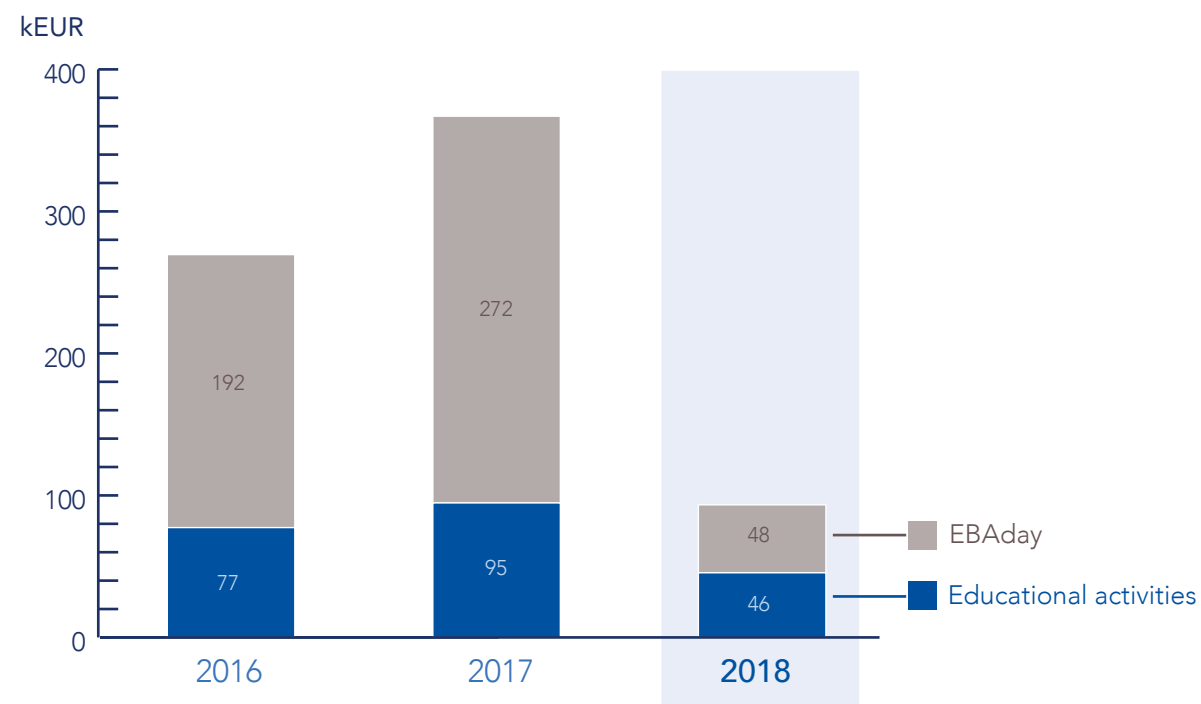
In 2018, membership revenues saw a 1.5% decrease, EUR 22 K less compared to 2017.

### 2.2.2 NON-MEMBERSHIP REVENUES

This category includes the self-sustained activities of the Association, i.e. EBAday and the educational activities organised by the Association for its members. These activities generated a positive margin providing the Association with extra income in addition to the recurring membership fees.



NON-MEMBERSHIP REVENUE EVOLUTION



The positive margin generated by these events, EUR 93 K, is lower by EUR 274 K compared to 2017 standing at EUR 367 K. This lower performance is due to EBAday 2018.

In 2018, EBAday was not as successful from a financial perspective as in the previous years. The combined effects of increased venue costs, lower ticket sales and unforeseen expenditures reduced the income to net EUR 83 K, which corresponds to EUR 284 K less than in 2017.

2.3 INCOME TAX AND RESULTS FOR 2018

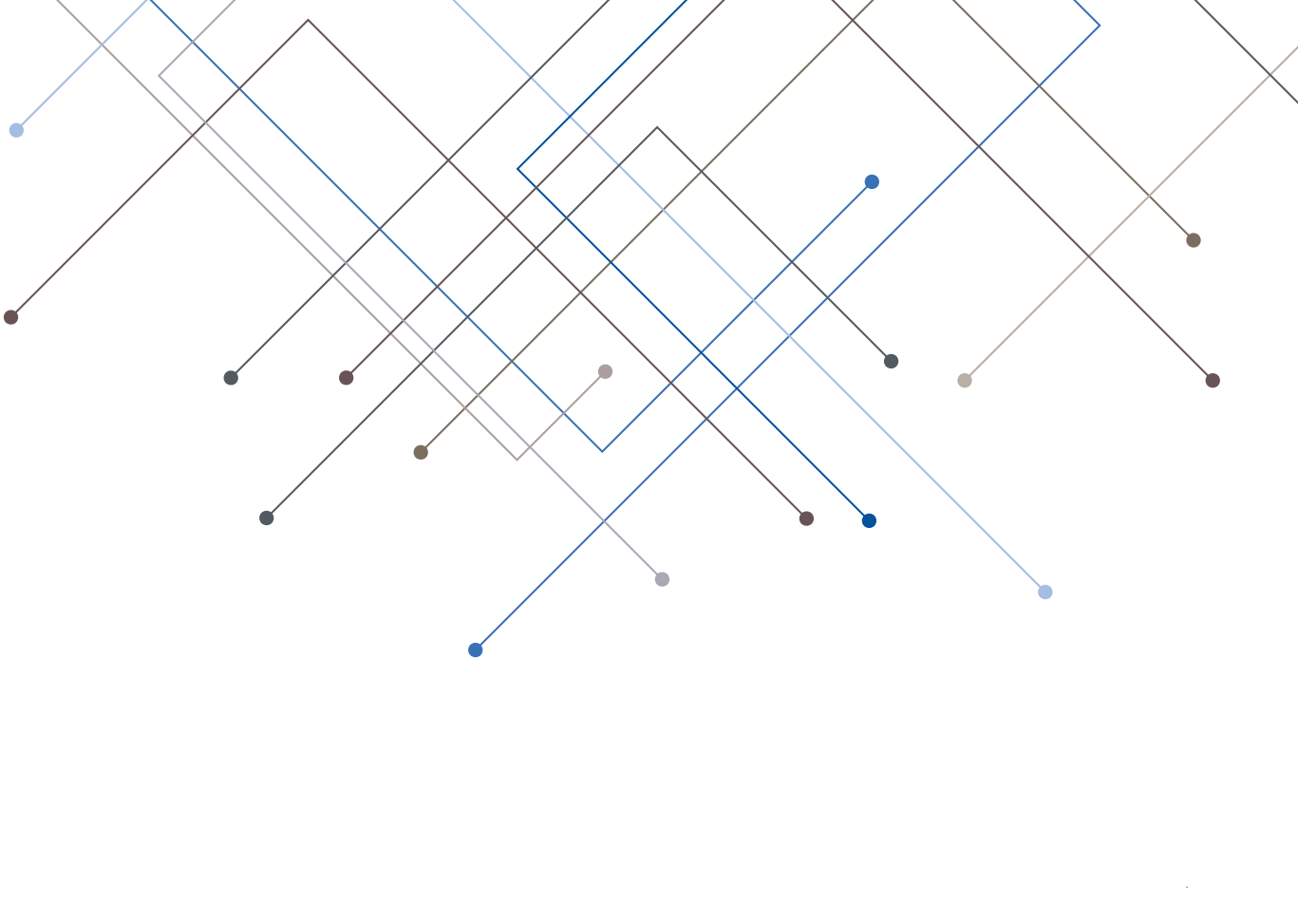
As a consequence of the negative result for 2018, income taxes are EUR 0 and the net result after tax stands at EUR -215 K.

2.3.1 BALANCE SHEET AND CASH POSITION

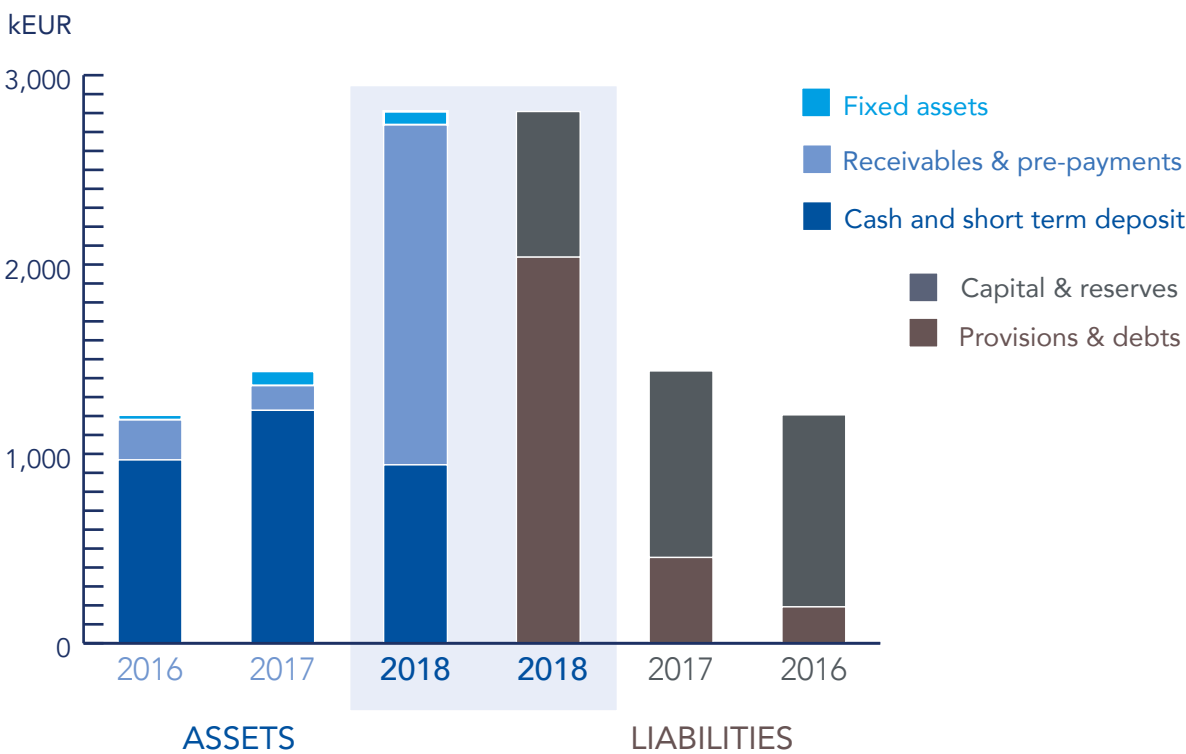
The balance sheet of the Association showed an increased patrimonial value of EUR 2.8 M for 2018, constituted mainly of current assets at EUR 2.7 M, including a cash position of EUR 0.9 M.

This increase reflects the introduction of a new membership structure and related pricing approach initiated in 2017 and carried on in 2018 as well as the new timeline for the billing of the annual membership fees.

On the liabilities side, the equity position of the Association is at the level of EUR 770 K; the remaining position of EUR 2 M is mainly composed of payables and deferred income representing EUR 1.65 M income billed in 2018 but belonging to fiscal year 2019.



BALANCE SHEET EVOLUTION



## 2.4 EBA BUDGET FOR 2019

For the year 2019, the budget provides the Association with a conservative revenue stream and reasonable expenditure estimates posting a deficit for the 2019 financial year of EUR 145 K.

It is expected that the 2019 income will increase by 2% to EUR 1.7 M and expenses will remain stable compared to the 2018 actuals at EUR 1.8 M.

The 2019 budget is based on the following assumptions:

### 2.4.1 EBA OPERATING CHARGES

The Operating charges are expected to increase by EUR 50 K in 2019.

The main component of this change is explained by the increase of the service agreement costs.

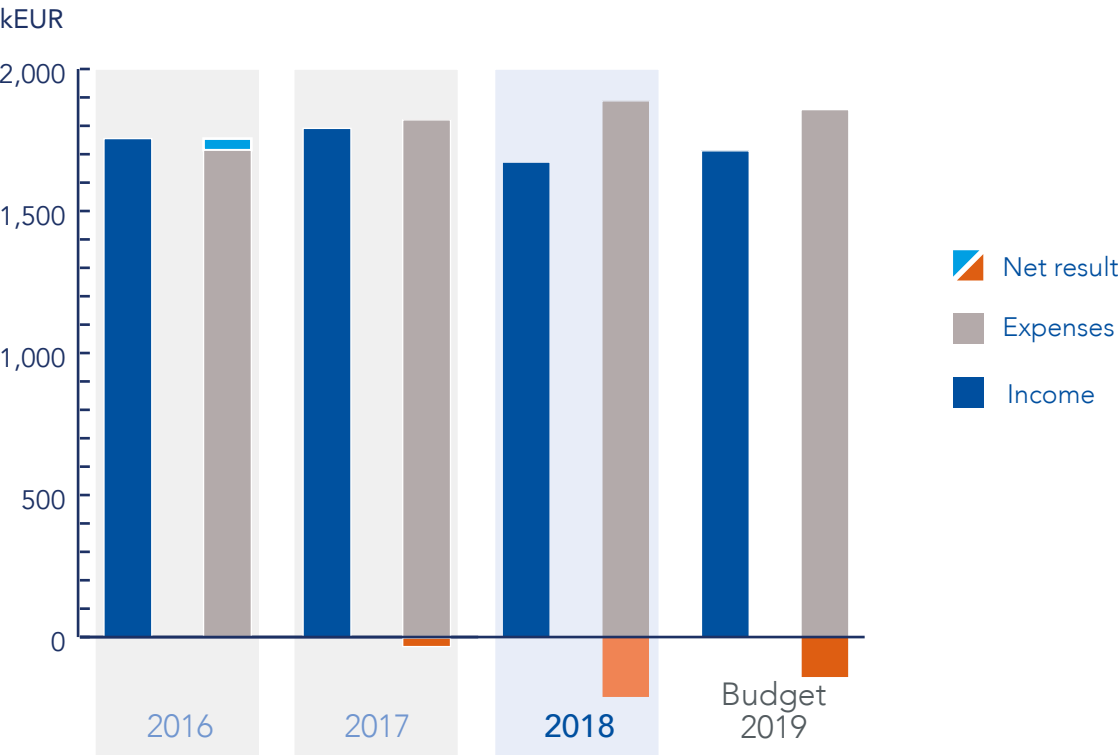
### 2.4.2 COSTS TO SUPPORT EBA ACTIVITIES AND PROJECTS

This budget item covers the different activity streams that will be carried out by the Association in 2019, namely Sibos, working groups as well as industry and fora activities. These budget lines will cover all expenses relating to these events.

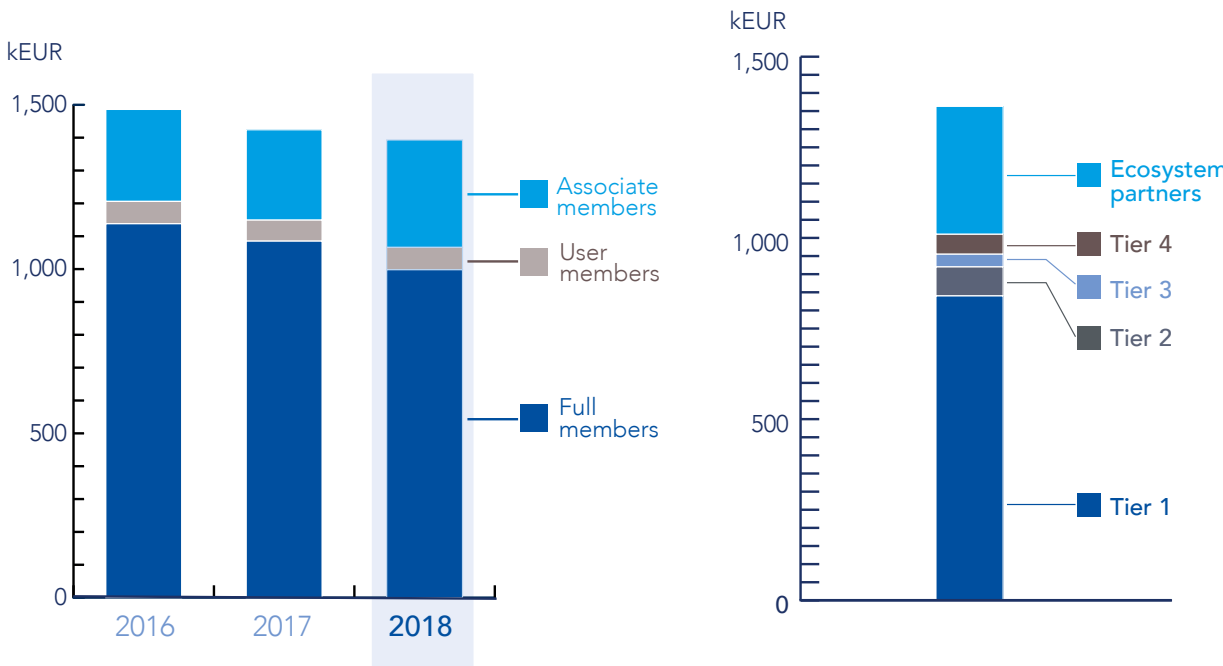
The estimated amount of the 2019 activities is expected to reach EUR 290 K. The expenditure foreseen for 2019 covers the following activities:

- ≡ Sibos: costs for participation
- ≡ Working group activities: the main costs are related to consultancy services to support expert group meetings, to help develop publications and to facilitate workshops and materials;
- ≡ Fora activities and participation in other industry initiatives: the aim of these activities is to discuss the key issues that today raise the interest of EBA Members and stakeholders in the payments industry. The expenses are mainly venue-related and other logistics costs. Membership fees for participation in other industry bodies are also covered under this item.
- ≡ Publications resulting from activities in the Market Practices and Regulatory Guidance value stream.

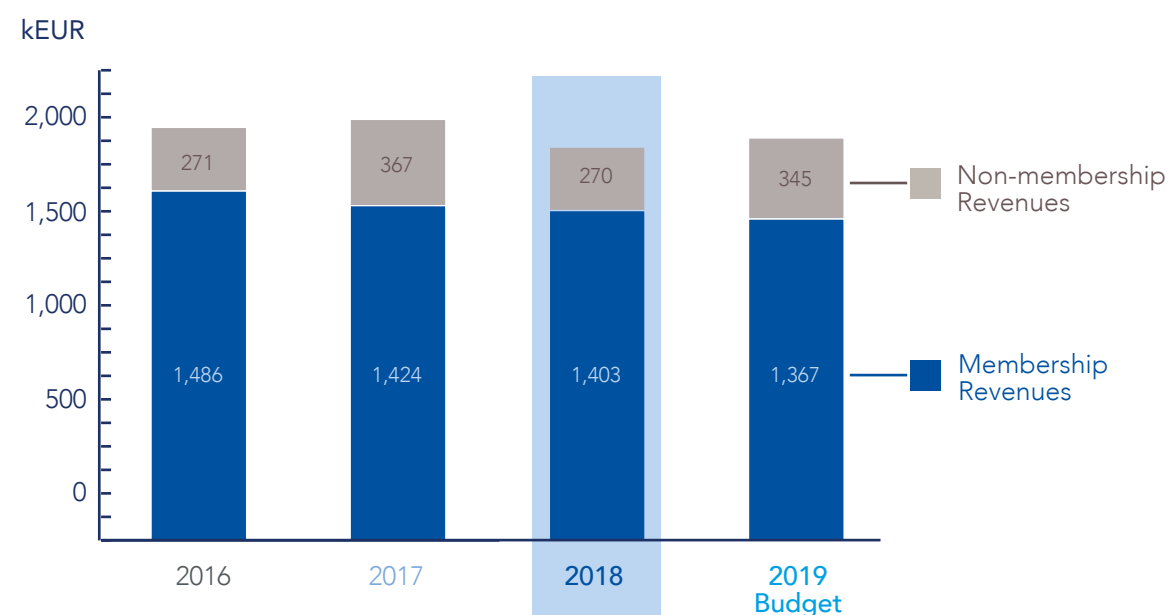
### PROFIT & LOSS EVOLUTION



### MEMBERSHIP FEES STRUCTURE



## PROJECTED REVENUES



## 2.5 PROJECTED REVENUES FOR 2019

The 2019 budget revenues foresee an amount of EUR 1.7 M, 2% more than the 2018 actuals. This mainly results from an increase in the non-membership revenues, estimated at EUR 345 K.

### 2.5.1 MEMBERSHIP REVENUES

In 2019, it is expected that the Association will collect the same level of membership fees as in 2018, where they amounted to EUR 1.4 M.

This expected level of membership revenues is due to a conservative estimation of the number of bank members compensated by the new tiered membership pricing introduced in 2019.

### 2.5.2 NON-MEMBERSHIP REVENUES

The net revenues related to the organisation of the EBA educational activities and EBAday are foreseen to increase by EUR 200 K compared to 2018 actuals. This increase represents a budget 2019 of EUR 300 K net revenues generated by these events.

## EBA FINANCIALS 2018-2019

### P&L statement – Revenues and charges

	2017	2018	2018 vs 2017
Membership & Entrance Fees	1.423	<b>1.403</b>	-20
Bank members	1.149	<b>1.054</b>	-95
Associate members	274	<b>349</b>	75
Educational act. & EBAday	368	<b>270</b>	-98
EBAday 2018	272	<b>83</b>	-189
Schools and Global seminar	95	<b>187</b>	92
<b>(1) Revenues</b>	<b>1.791</b>	<b>1.672</b>	<b>-118</b>
SIBOS	73	<b>33</b>	-39
Working groups	126	<b>141</b>	15
Industry and Fora activities (Open forum)	36	<b>16</b>	-20
Other events (EBAday, ...)	0	<b>177</b>	177
<b>(2) Costs to support activities</b> (including SIBOS & EBAday)	<b>234</b>	<b>367</b>	<b>133</b>
<b>Activities gross margin (1)-(2)</b>	<b>1.556</b>	<b>1.305</b>	<b>-251</b>
HR & SAs	1.248	<b>1.231</b>	-17
External Relations	136	<b>136</b>	0
Consultancies & Legal fees	71	<b>109</b>	38
Others & EPC membership costs	131	<b>45</b>	-87
<b>(3) Operating charges</b>	<b>1.587</b>	<b>1.521</b>	<b>-66</b>
<b>Result before tax (1)-(2)-(3)</b>	<b>-30</b>	<b>-215</b>	<b>-185</b>

EBA MEMBERSHIP STRUCTURE 2017-2018	2017	2018	2018 vs 2017
Bank members	124	<b>113</b>	-11
Associate members	48	<b>49</b>	1
Total members	172	<b>162</b>	-10



P&L statement - Revenues and charges

2019 Budget	
Membership & Entrance Fees	1.367
Bank members	1.024
Ecosystem partners	343
Educational act. & EBAday	345
EBAday 2019	275
Schools and Global seminar	70
(1) Revenues	1.712
SIBOS	70
Working groups	150
Industry and Fora activities (Open forum)	30
Other events (EBAday, ...)	39
(2) Costs to support activities (including SIBOS & EBAday)	289
Activities gross margin (1)-(2)	1.423
HR & SAs	1.290
External Relations	140
Consultancies & Legal fees	70
Others & EPC membership costs	68
(3) Operating charges	1.568
Result before tax (1)-(2)-(3)	-145

EBA MEMBERSHIP STRUCTURE 2019 (Estimate)	2019
Bank members	83
Associate members	49
Total members	132

# APPENDIX 1

## ACCOUNTS AS OF 31 DECEMBER 2018

The accounts as of 31 December 2018 are attached separately

# APPENDIX 2

## LIST OF EBA MEMBERS

(as of 31 May 2019)

ABANCA Corporación Bancaria, S.A.	Crédit Mutuel - CIC Banques
ABN AMRO Bank N.V.	Banque Internationale à Luxembourg
Aktia Bank plc	Banque Michel Inchauspé (BAMI)
Allgemeine Sparkasse Oberösterreich Bank	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 di Imola S.p.A.	BNP Paribas Fortis SA/NV
Banca Monte dei Paschi di Siena SpA	BPCE
Banca Nazionale del Lavoro S.p.A.	BPER Banca S.p.A.
Banca Popolare del Lazio	bpost SA de droit public
Banca Popolare di Sondrio	BRED Banque Populaire
Banca Sella S.p.A.	Caixa Central de Crédito Agrícola Mútuo
Banco BAI Europa S.A.	CaixaBank S.A.
Banco Bilbao Vizcaya Argentaria S.A.	Caja Laboral Popular, Coop. de Crédito
Banco BPM S.p.A.	Cassa di Risparmio di Fermo S.p.A.
Banco Comercial Português SA	Cassa di Risparmio di Ravenna S.p.A
Banco Cooperativo Español SA	CECABANK S.A.
Banco de Sabadell S.A.	Citibank Europe Plc
Banco Santander S.A.	Commerzbank AG
Bank für Tirol und Vorarlberg AG	Crédit Agricole S.A.
Bank GPB International S.A.	Crédit Mutuel Arkéa
Bank of Åland PLC	Credito Emiliano SpA
Bank of America, NA (Frankfurt Branch)	Credito Valtellinese S.C.
Bank of China	Danske Bank A/S
Bank of Ireland	DB Privat- und Firmenkundenbank AG
Bank of Slovenia	De Nederlandsche Bank N.V.
Bankinter S.A.	DEPObank - Banca Depositaria Italiana S.p.A
Banque et Caisse d'Epargne de l'Etat	Deutsche Bank AG

Deutsche Bundesbank	OP Corporate Bank Plc.
DNB Bank ASA, Filial Finland	OTP Bank Plc.
DZ BANK AG	Rabobank Nederland
Elavon Financial Services DAC	Raiffeisen Bank International AG
Emirates NBD PJSC, London Branch	Raiffeisen Landesbank Südtirol
ERSTE Group Bank AG	Raiffeisenlandesbank Oberösterreich
Eurobank Ergasias S.A.	Raiffeisen-Landesbank Tirol AG
Hellenic Bank Public Company Ltd	S-Bank Ltd.
HSBC France	SECB Swiss Euro Clearing Bank GmbH
HBSC Bank Plc	Skandinaviska Enskilda Banken AB (publ)
ICCREA Banca SpA - Istituto Centrale del Credito Coop.	Société Générale
ING Bank N.V.	Spar Nord Bank
Intesa Sanpaolo SpA	Sparekassen Sjælland
Joh. Berenberg, Gossler und Co. KG	Standard Chartered Bank AG
JPMorgan Chase Bank N.A., London Branch	Svenska Handelsbanken AB
KBC Bank N.V.	Swedbank AB (publ)
La Banque Postale	Sydbank A/S
Landesbank Baden-Württemberg	The Bank of New York Mellon, Frankfurt Branch
Landesbank Berlin	UBI Banca S.p.A.
Landesbank Hessen-Thüringen	UBS AG
Lloyds Bank Plc	UniCredit S.p.A.
Mashreq Bank PSC	UniCredit Bank AG
MUFG Bank LTD	UniCredit Bank Austria AG
National Bank of Greece S.A.	Wells Fargo Bank NA London Branch
National Westminster Bank Plc	Wirecard Bank AG
Nordea Bank Abp	
Oberbank AG	
Oesterreichische Nationalbank	

LIST OF EBA ASSOCIATE MEMBERS

(as of 31 May 2019)

Accenture GmbH (Germany)	Innopay B.V.
ACE Software Solutions (Pelican)	Intercope International Communication GmbH
ACI Worldwide (EMEA) Limited	Lipis Advisors GmbH
Auriga S.p.A.	Microsoft
Axway Software	MONTRAN Corporation
Bankgirot	Oracle Corporation
BankiFi Ltd.	PostFinance AG
BearingPoint GmbH	PPI AG Informationstechnologie
Bottomline Technologies SARL	Redcompass Ltd.
CGI IT UK LTD	Samlink Ltd
Clear2Pay	SIA S.p.A
CoCoNet AG	Swisskey AG
Commercial Banking Applications AS (CBA)	Software Integrators Ltd
Dion Transaction Solutions GmbH	STET
Dovetail Systems Ltd	SWIFT
DXC Technology	TAS S.p.A.
Ebury Partners UK Limited	Tata Consultancy Services Luxembourg S.A.
ECOMMBX Ltd	Temenos UK Ltd
EFIS AG	Tieto Norway AS
equensWorldline SE	Token
Ernst & Young (EY) Advisory Services	Van den Berg AG
EVERY	Volante Technologies, Inc.
Fidelity National Information Services (NL) B.V.	XMLdation Oy
Finastra LTD	
Gemalto	
IBM Deutschland GmbH	
ibi research an der Universität Regensburg GmbH	
Icon Solutions Limited	

IMPRINT

Euro Banking Association  
40 rue de Courcelles  
F-75008 Paris

GRAPHIC DESIGN

Bosse und Meinhard, Bonn

PHOTOGRAPHS

Johannes Haas Fotografie, Rös Rath

CONTACT

association@abe-eba.eu