

Febelfin in 2023:
a review of a challeng-
ing year for the finan-
cial sector

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Foreword

I have the pleasure of presenting Febelfin's achievements in March of every year. Despite the many social, political and economic challenges in 2023, we can once again present a positive report. In this document we share our journey, main projects and achievements.

Of course, this would not have been possible without the Febelfin team's extraordinary efforts and our members' crucial support.

This report is structured around several areas in which the financial sector plays an important social role. One aspect we look at is how Belgian banks play a key role in **financing the economy** and thus actively supporting their customers. By assisting families and businesses in the transition to a more sustainable society, the financial sector is also committed to **sustainability**. Security **and soundness** are also top priorities, centred on combating money laundering and online fraud. The Belgian banking sector is known for its **innovation** and constantly adapts to the digital evolution. It also promotes digital inclusion, financial education and supports diversity in business. This involves actively listening and responding to various **social needs**. Lastly, the sector actively follows all **European** developments and regulations.

These essential points formed the cornerstone of our activities in 2023, and we will continue to build on them in 2024. In this respect, 2024 promises to be an intensive year. This is a pivotal time for Belgium: besides holding the presidency of the Council of the European Union, the country is on the eve of European, federal, regional and even local elections. The financial sector is ready to play its role and cooperate with Belgium's various levels of competence in these areas. As an essential link in the economic chain, the financial sector wants to continue strengthening its role as a consultative partner. In these challenging times of complex economic, geopolitical and social challenges, it is essential to promote a strong, healthy and innovative financial sector that addresses the needs of society. Real growth and progress hinges on healthy and constructive collaboration.

I would also like to highlight the arrival of our new chairman, Michael Anseeuw, who will undoubtedly make a valuable contribution to our collective mission. Let me also take this opportunity to thank our former chairman Johan

Thijs, for his tireless and long-standing commitment to the sector. We also launched a new website in 2023 and are working hard to make our content even more sustainable and transparent for consumers, business owners and stakeholders.

Looking ahead, we are committed to strengthening our positive impact and to building a resilient, inclusive and innovative financial sector. Febelfin is thus committed to being a constructive and proactive partner in building tomorrow's society.

We hope you enjoy reading the rest of this report.

Karel Baert, CEO of Febelfin



KEY FIGURES

Some key figures on the Belgian financial sector:



Belgium has **81** banking institutions ¹

In total, there are **3,243** bank branches ²

CORE ACTIVITIES

€292 billion

Credit to families

€191.2 billion

Credit to Belgian non-financial enterprises

€63.1 billion

Credit to the Belgian government

(01/2024; on a territorial basis) ¹



A total of

45,644

people work in the banking sector ²

3,120

people were recruited in 2022 ²



Excluding refinancing, more than 180,000 mortgage contracts were concluded in 2023, totalling almost

€30 billion ⁴



11.1%

return on equity ³



During the first half of 2023,

€5.2 billion

was granted in consumer loans ⁴

93.7%

of savings were converted into loans ¹



15.4 million

PC banking subscriptions ²



3.2 billion

card payments in 2022 ⁶

of which **62.3%**

were contactless payments ⁷

12.9 million

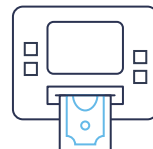
mobile banking subscriptions ²



In 2023, Belgians could access

4,055

bank ATMs ²



€270 billion

in regulated savings passbooks ¹



- in September 2023, 17.1% of savings were invested in funds. This is higher than the European average (10.5%) ¹⁹
- Since 2014, more than €72.5 billion has been cumulatively invested in funds. ⁸
- 1,792 million Belgians held a combined total of €22.9 billion in retirement savings funds. ⁸
- At the end of September 2023, the net assets of Belgian publicly distributed funds amounted to €255.2 billion. ⁸



€5.9 billion

in taxes and contributions (corporation tax and all other kinds of taxes (including local), VAT and contributions (including social security, DGS, SRF) ²

WHAT IS FEBELFIN'S ROLE?



Mission
Ensuring a financial sector that serves the needs of society.



Values

- Responsible, cooperative, goal-orientated
- Proactive
- Innovative
- Credible

4 core activities



Adopting positions

for and by members



Lobbying

at regional, national and European levels, as well as through participating in social negotiations and engaging in dialogue with a broad network of stakeholders.



Providing services

- Informing
- Explaining and advising
- Overseeing projects
- Training through Febelfin Academy



Communicating

with members and the general public, and participating in professional, political, social and educational debates.



As spokesperson for the financial sector, Febelfin answered 641 press calls in 2023.

Strategic objectives



Needs

Meeting daily financial needs in all stages of life.



Services

Making innovative, secure and high-quality financial services accessible to the general public.



Openness

Working towards a stable, sustainable and fair regulatory and business environment.



Financing

Providing individuals, businesses, authorities and their projects with the right answers to their financing needs.



Dialogue

Listening to the needs of society and engaging in dialogue with a broad network of partners and stakeholders who want to work together for a sustainable financial sector.

The strategic objectives have been translated into four priorities, which can be expanded:



Financing the economy



Digital banking



Soundness of the banking sector and the fight against financial crime (money laundering and fraud)



Sustainable banking

Financing the Belgian economy

Obviously, the core function of banks is to finance the economy. They create opportunities for people and businesses to grow and keep the economy moving. Financial institutions in Belgium therefore have a crucial role to play in actively supporting and guiding their customers. To achieve this, they need a solid framework.



Supporting individuals



FINANCING FOR FAMILIES

Banks assist families to achieve their dreams and **finance** their projects.

After two years of exceptional results, 2023 saw a real pause in **mortgage lending**, which can be explained by interest-rate hikes. Interest rates were a major factor in how last year evolved, with the rise being felt mainly in the first half of the year. Although this still had a negative impact in the second half of the year, it was less pronounced.

Compared to 2022, the total number of loan applications in 2023, excluding refinancing, decreased by slightly more than 24%. The amount of these loans also declined by a similar percentage.

Although not an easy year, more than **180,000** loans, excluding refinancing, were granted, totalling

almost €30 billion. Banks thus continue to play an instrumental role in household financing, despite the decline.

ENERGY CRISIS: DEFERRED PAYMENT FOR MORTGAGE LOANS

For banks, supporting families also means helping them through difficult times.

In autumn 2022, the financial sector made a unique commitment to help families through the energy crisis as much as possible. Customers experiencing financial difficulties had time until the end of March 2023 to apply for a deferral of the repayment of the capital portion of their mortgage loans, subject to certain conditions.



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By the end of March 2023, a deferral had been granted for 11,946 mortgage loans

SAVINGS: MORE TRANSPARENCY AND SIMPLICITY

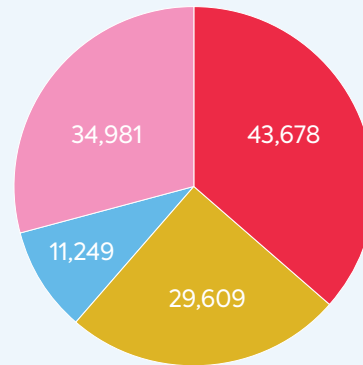
Saving also received attention in 2023. Febelfin signed a **protocol** to make savings accounts **more transparent** with the State Secretary for Consumer Protection (Alexia Bertrand), the Minister of the Economy (Pierre-Yves Dermagne) and the Minister of Finance (Vincent Van Peteghem). Savers can visit the **standardised web page** of their bank to compare the savings accounts it offers. It is now also easier for them to **compare** the savings accounts of different banks and choose the most attractive offer for them. The protocol also requires the banks involved to **limit** their range of savings accounts and to send **information** about the loyalty premium rate and the base rate, along with the loyalty premium earned on the savings account, to their customers each quarter.



BANKSWITCHING

In 2023, 119,517 applications to change banks were submitted through Bankswitching, the free bank switching service. This service allows customers wishing to transfer their current and savings accounts to another bank to do so quickly and easily, without interrupting their payment orders.

TYPE OF BANK SWITCH



- Closure + transfer of current account payments
- Transfer of current account payments
- Closure of current account
- Closure of savings account



In relation to saving, Febelfin questioned the idea of statutory initiatives to increase interest on savings. Each bank has a different business model and has to do its own risk analysis and estimate what savings interest rate it can offer.

Supporting businesses

FINANCING BUSINESSES

Demand for loans also fell here, although less sharply than for personal loans. This trend was especially noticeable in the first three quarters of 2023. Demand started to improve again in the last quarter of 2023. In this last quarter, demand for business loans was significantly higher than in the same period in 2022, driving a significant increase in lending over this period.

For 2023 as a whole, however, businesses applied for only slightly more loans than in 2022 (+0.6%).

At the end of 2023, outstanding business loans (including commitment appropriations) stood at €191.2 billion – 2.4% higher than at the end of 2022.



The slowdown in the growth of business loans is therefore mainly due to lower demand. Interest-rate hikes have certainly played a role here.

Banks did not tighten their policies and continued to lend easily.

The rejection rate in 2023 was lower than in the previous four years.

Ensuring a stable and solid framework to achieve social objectives

BANKING PACKAGE

A **healthy** and **strong** financial sector is essential for banks to play an optimal role in financing the economy. Over the past year, Febelfin has worked tirelessly for an efficient and balanced transposition of the international Basel standards, known as the '**EU Banking Package**'. This initiative should continue to strengthen banks' **risk management**. In this context, it

is essential to strike the right balance between capital requirements and financing the economy, with a view to digital transformation and a sustainable transition. As the texts were being finalised, Febelfin worked with its members to assess the scope and impact of the new rules on their capital requirements.

AN APPROPRIATE TAX ENVIRONMENT

On **the tax front**, 2023 was a busy year with political proposals for a general tax reform that ultimately did not materialise, a government bond with unique tax treatment and two budget cycles in which a number of tax increases were approved. Working in close cooperation with the BEAMA sub-association and other Belgian and European associations, Febelfin pushed to maintain a balanced and attractive tax framework, providing the greatest possible legal certainty and ensuring the international competitiveness of the financial sector (banks, funds, and so on).

A **stable and balanced** tax framework is needed to be able to meet the **expectations** of society. In this respect, efforts have been made, in cooperation with the tax authorities, to simplify and, as far as possible, to digitalise Belgian and European procedures.

In 2023, it was also necessary to emphasise the **equal** tax treatment of all forms of savings and investments offered in Belgium. The aim is to create a level playing field through fair competition for all forms of investment, obviously including investment funds, regardless of their country of origin. This gives investors the freedom to choose the products that best suit their needs and risk appetite, without having to take tax considerations into account.

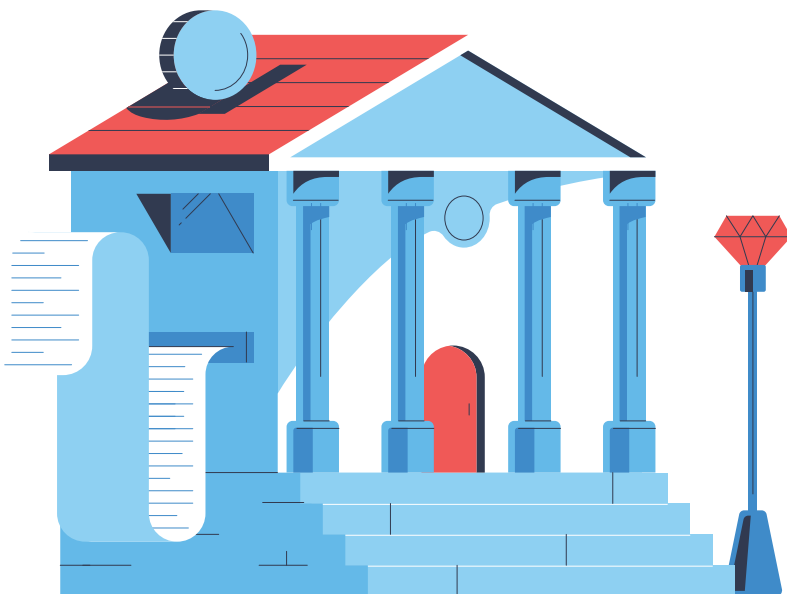
In the context of the one-year government bond issued in September 2023, Febelfin also pushed for equal tax treatment for all one-year savings and investment products. Unfortunately, this battle was lost in the political arena, which led to particular pressure and an unexpected liquidity test for Belgian banks. Even so, the banks made every effort to help their customers during the subscription period for the

one-year government bond.

THE IMPORTANCE OF STRONG BELGIAN BANKS

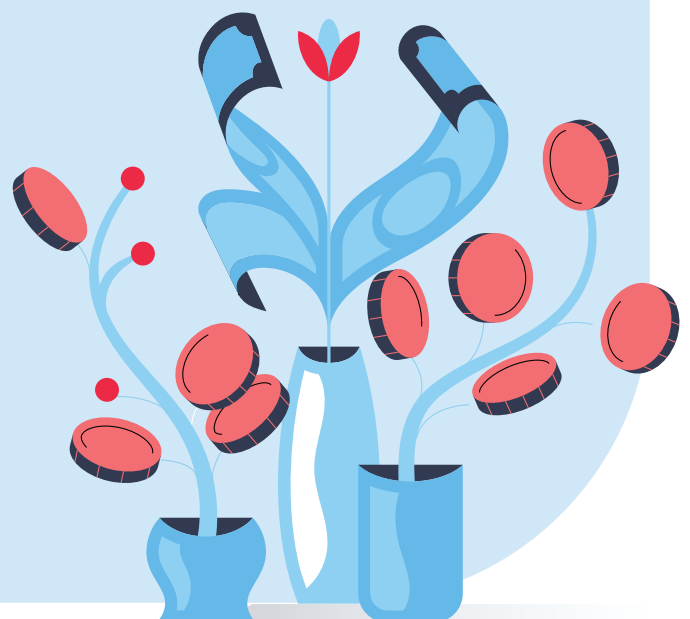
2023 was also marked by a number of policy proposals, such as the proposal to introduce a windfall tax on banks that would additionally tax their profits. This proposal was not adopted. Instead, the government decided to increase DGS (deposit guarantee) contributions and bank levies to fill the budget gap, despite the many contributions already made by Belgian banks. The non-deductibility of the bank tax increased from 80% to 100% and an additional progressive bank levy was introduced to put additional pressure on the country's largest banks.

Febelfin has highlighted the many contributions that banks already make today to the budget and society, and the need for strong banks to support the economy. Belgium needs healthy and stable banks, which is why we want to ensure that locally established banks remain an integral part of the Belgian banking sector, serving customers and society and supporting the Belgian economy as a whole. The sector has therefore issued an urgent call to the government for dialogue on how it intends to work with banks to address the challenges of the future, including the transition to a sustainable society. The aim is to work together in this way to strengthen the fabric of the Belgian economy and prosperity.



Sustainable society

The financial sector is fully aware of the importance of addressing sustainability in the way it operates. The sector has an important role to play in financing the transition to a more sustainable society, can help households and businesses make sustainable choices, and can support them through their credit and investment policies. Integrating sustainability at the heart of commercial and financial activities is thus essential. For Belgium and the European Union, this is not just about regulation, but also about moving towards a more responsible and transparent economic model that respects the planet and its inhabitants.



A sector that facilitates the environmental transition

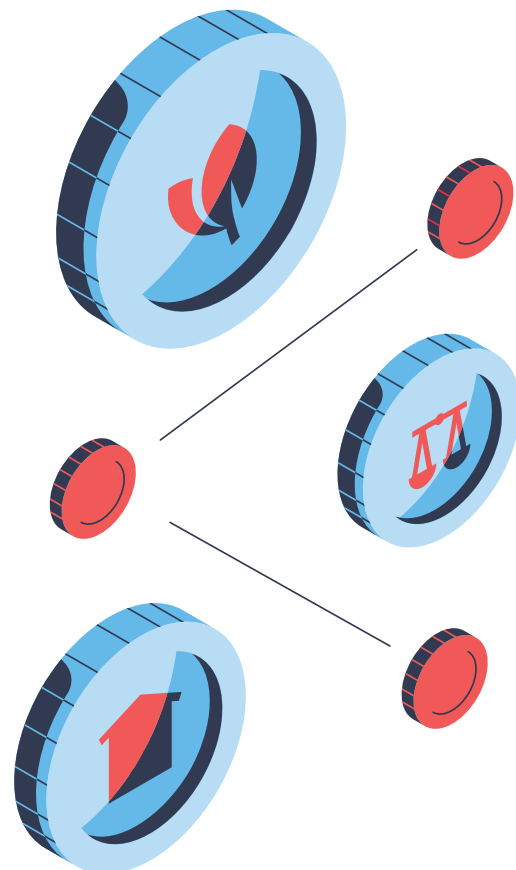
THE IMPORTANCE OF SUSTAINABLE MORTGAGE LOANS

For many years, the banking sector has been actively involved in meeting energy targets set at European, national and regional levels. The Professional Credit Association (BVK) has played a key role in developing the Energy Efficient Mortgages Initiative (EEMI) and the Energy Efficient Mortgage Label (EEML), supported by the European Commission.

In 2023, the BVK, along with its members, defined an **'energy-efficient'** mortgage, which allows the contribution to the energy transition to be measured.

In addition, the European project **Life BE FREE**, created by BVK-Febelfin, aims to promote a carbon-neutral Europe. The project, which started in October 2023 for a three-year period, involves a consortium of partners to facilitate dialogue with various stakeholders. Febelfin, VVSG, Wattson, Embuild, The Shift and Idea Consult have joined forces to create a permanent roundtable on financing energy efficiency and renewable energy. Sustainable living is set to become increasingly important. Indeed, energy-saving renovations of Belgium's ageing housing stock are urgently needed to meet climate targets. This transition can only succeed by working together.

Assessing energy efficiency is based on the Energy Performance Certificate for Buildings (EPC), which is essential in informing customers about the work required and how to finance it. Direct access to the EPC's regional databases is seen as crucial for providing up-to-date information to the credit sector in an automated and secure manner. The sector continues to work on this at the regional level.



CONSUMER CREDIT OF THE FUTURE

Using **consumer credit** to counter global warming is a key issue. Many home **energy renovation** projects are currently financed through consumer loans, and despite a rise in interest rates last year, the number of green loans for energy-saving initiatives remained high. This type of credit is likely to become more important in the near future, especially to support the transition to **hybrid** and **electric vehicles**. No doubt, consumer credit will play a crucial role in the society of the future, financing essential needs relating to social transition. To respond to this growing demand and improve the image of consumer credit, the BVK and its members, with the support of partners such as Embuild, Febiac, Agoria, Traxio and Unizo, have launched a campaign, which has taken form in the website [consumentenkredietvoormorgen.be/](https://www.consumentenkredietvoormorgen.be/) [creditconsopourdemain.be](https://www.creditconsopourdemain.be/) (only available in Dutch/French)

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108,203 new consumer loans were taken out for renovations in 2023. 55.293 of these related to energy-efficiency investments.

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SUSTAINABLE ASSET MANAGEMENT: A SECTOR AT THE FOREFRONT

Integrating sustainability objectives into corporate culture has increased significantly in recent years, driven by growing public engagement on environmental and sustainable management ('E'), social issues ('S') and responsible governance ('G'). This has also created a need to integrate the **ESG** principles into global **investments**. By channelling savings into **sustainable investments** asset managers are playing a key role in Europe's efforts towards a greener planet. The Belgian asset management sector wants to be at the forefront of this development, exploring ways to improve the

efficiency of portfolio management processes for a sustainable future. To achieve this, asset managers should, for example, aim for a diversified range of SRI (socially responsible investment) solutions – focusing on E, S or G – and ensure that sustainability targets allow for a gradual transition.

PROVIDING DATA ON SUSTAINABLE DEVELOPMENT

The importance of corporate ESG reporting is only set to increase and is an essential tool for companies to monitor and manage their sustainability performance. Transparency on sustainability strategy will moreover become a basic expectation of stakeholders in various sectors, including financial institutions.

Febelfin is the driving force behind the creation of a simple system for the **exchange of ESG data** between SMEs, their trading partners, banks and other potential stakeholders. The aim is to make this process as simple as possible for small businesses without them having to deal with additional administrative burdens, while simultaneously attracting investors and funding by highlighting their commitment to sustainable development. To meet these new challenges, we want to reach out to companies and offer them a solution. This project is the result of a collaboration based on various stakeholders' contributions. The foundations of the system were laid in 2023, but the project will be fleshed out in 2024.

The Towards Sustainability label, managed by the Central Labelling Agency (CLA), is an important tool to direct funding towards sustainable products and provide more guidance to consumers and institutional investors looking to invest in sustainable financial products.

The criteria for the Towards Sustainability label are reviewed every two years. **The 2023 review has strengthened the label's ambition** by focusing on the energy sector, the exercise of voting rights, the minimum impact of ESG strategies, and the portfolio's performance in terms of GHG (greenhouse gas) intensity and gender diversity. This update requires greater transparency on engagement efforts, the decarbonisation of portfolio managers and policies on deforestation and single-use plastics. The criteria have also been adjusted to be more in line with funds

investing in emerging markets and government bond portfolios.



Towards Sustainability is **the most comprehensive ESG label in Europe** and includes almost **800 sustainable financial products** managed by over 100 managers in more than 10 countries, representing assets of more than €500 billion.

Sustainable finance: stricter rules

THE CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD): A NEW ERA FOR CORPORATE REPORTING

For companies to be more transparent about their environmental and social impact, the European Union is expanding its rules with the directive on corporate **sustainability reporting (CSRD)**. This means that a greater number of companies, especially the largest and those whose shares are traded on public markets (listed companies), will have to share detailed **reports** on how they are helping or harming the planet and society. Unlike before, these reports have to be checked for accuracy and comply with strict EU directives. They must also be presented in digital form for easy access by everyone. To meet their own information needs and to help manage the risks associated with climate change and other environmental challenges, financial institutions will need to collect these ‘green’ data from companies. Through its actions, Febelfin strives for a faithful transposition of the directive into Belgian law with harmonised and efficient application.

THE CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE (CS3D): PROMOTING RESPONSIBLE BUSINESS

The Corporate Sustainability Due Diligence Directive

(CS3D) aims to ensure that companies act responsibly throughout their value chain, respecting human rights and the environment. For Febelfin, this is a legislative bill to watch closely as it could have a significant **impact** on the financial sector. The Directive does not yet cover financial institutions. However, given the complexity and size of their value chain, they are likely to be covered in the future. We need to prepare for that eventuality now.



A reliable, efficient and secure economy

Banks play a central role in detecting financial fraud. For Belgian banks, combating money laundering and online fraud is absolutely a top priority.



Fraud prevention: an ongoing commitment

CAMPAIGN AGAINST PHISHING AND OTHER ONLINE FRAUD

Awareness is key when it comes to online fraud. In 2023, the Centre for Cybersecurity Belgium (CCB), Febelfin and the Cyber Security Coalition launched a new phishing **awareness campaign** with the slogan: *'Phishing: the devil's in the details!'*. This form of online fraud continues to claim a huge number of victims, including individuals, businesses and organisations.

Febelfin has also highlighted other fraud practices throughout the year, such as CEO fraud, help request fraud, secure account scams, help desk fraud or bank card phishing.



In 2023, Febelfin created a storytelling brochure entitled 'Don't be fooled by a "phish"'. It provides an overview of online fraud, including the latest figures, and highlights the evolution and current forms of online fraud.

[READ THE BROCHURE HERE](#) (only available in Dutch and French)



Since October 2023, the Hacker Hotline has visited nearly 30 schools and other locations.

ESCAPE GAME: THE HACKER HOTLINE

Too many young people are still oblivious to the dangers of online fraud: 23% of them have never even heard of phishing. For this reason, Febelfin wanted to educate young people about the dangers of online fraud and earning fast money in a fun way. This gave rise to the **Hacker Hotline**, a mobile escape room. Through this game, young people can learn more about the techniques that fraudsters use to trap people and discover how to protect themselves against such forms of fraud.

RAISING AWARENESS ABOUT THE PHENOMENON OF MONEY MULES AMONG YOUNG PEOPLE

Raising awareness among young people also focused on the phenomenon of **money mules**. Money mules enable criminal organisations to continue committing large-scale fraud while reducing their risk. A **survey** that Febelfin conducted in collaboration with the research firm IndiVille reveals the **growing vulnerability of young Belgians** to being used as money mules.

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One in six young people would be willing to lend their bank card and bank account in exchange for money.

Source: IndiVille

.....

Febelfin has responded to this proactively with an annual press release and a special **roadshow** for schools. This initiative aims to make young people

aware of the risks they face if they become money mules. Febelfin informs and raises awareness of all aspects of online fraud and the role of money mules through an interactive seminar. Febelfin has already been invited by UCLouvain, FUCaM Mons, EPHEC and Haute Ecole Lucia de Brouckère. The school tour will continue in 2024.

BUSINESSES: ALSO IN FRAUDSTERS' SIGHTS

Businesses are also increasingly facing online fraud. This is why Febelfin has raised awareness among companies through various initiatives such as the launch, in collaboration with the VBO-FEB, of a **mini-series** on Canal Z (only available in Dutch and French) about **cybersecurity** for businesses.

Febelfin has also published a **brochure** (only available in Dutch and French) explaining the most common forms of fraud in the business world. This brochure contains useful advice on how to detect or – better still – prevent fraud in a business.



Online security: collaboration and tools

INCIDENT ALERT REGISTER IN THE FIGHT AGAINST PHISHING

Phishing has become a major social problem, causing harm to many individuals and businesses. To meet this challenge, the government and Febelfin are **working together** to step up the fight against online fraud. The Minister of Justice has fleshed out a preliminary bill and consulted with Febelfin on it.

This project establishes an **incident alert register for banks**, so they **can exchange information about suspicious transactions**. The aim is to improve customer protection by enabling banks to block new fraudulent transactions immediately.

This Belgian initiative has been put on hold for the time being as a similar project will be included as part of the European regulations on the review of the Payment Services Directive (PSD 2). Obviously, it is necessary to align as far as possible with this forthcoming European framework before taking further steps at Belgian level.

IBAN NAME CHECK

The banking sector is also working on a technological barrier to online fraud and has launched a project to combat invoice fraud in particular. This happens when fraudsters falsify an invoice and enter a different account number. Belgian banks are thus working on a system to check whether the **IBAN number** matches the beneficiary's name. An IBAN name verification initiative has meanwhile also been approved at European level. As a result, the Belgian banking sector will continue to work on aligning its initiative with European procedures before launching it.

PERMANENT ACCESS TO BANKS FOR VICTIMS OF FRAUD

Online fraud is everywhere and, unfortunately, cybercriminals can commit their crimes at any time, including after hours and at weekends. For this reason, banks have established a **round-the-clock service** against cyber fraud for their customers. The banks are accessible **24/7** through dedicated numbers for fraud cases. If the banks suspect misuse, they can immediately block their customers' banking applications. The banks' telephone numbers can be found on the [Card Stop](#) website (only available in Dutch and French).

TECHNOLOGICAL DEVELOPMENTS

As announced by the European Securities and Markets Authority (ESMA), cyber resilience will become a top priority in the EU from 2025. This decision aims to strengthen oversight of **the management of IT risks** in financial institutions to make European financial markets more resilient to the growing threat of cyber attacks (Digital Operational Resilience Act, DORA).

The DORA regulations were followed up during 2023, including at European and Belgian level, as the regulator was interested in knowing the level of awareness and preparedness for the new regulations. Indeed, financial institutions need to prepare for a more thorough review of their internal systems, internal processes and corporate governance in relation to the security of their IT systems.

The fight against money laundering

Banks play a pivotal role in the fight against money laundering. They take their gatekeeper responsibilities very seriously and continue to invest in people and infrastructure.

out clear arrangements so that participating banks can rely on each other to apply the various sanctions screening rules correctly to Belgian transactions.

DOMESTIC SANCTION SCREENING

The ‘**Domestic sanction screening**’ agreement was finalised in 2023. Following months of discussions, some 20 Febelfin members succeeded in formalising an important legal agreement on the analysis of purely Belgian payment transactions.

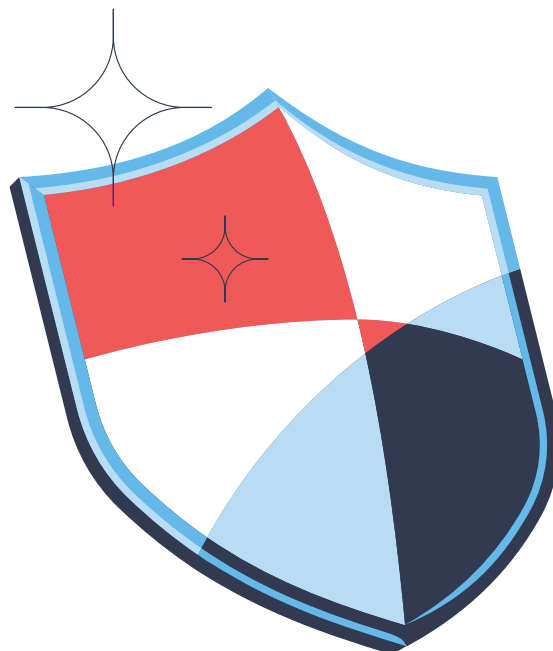
Under the agreement, there are common requirements for monitoring customers (based on the financial sanctions and embargo rules), so that each participating bank can rely on the monitoring of the other banks that have signed the agreement.

The underlying principle is that each bank must cross-check its customer database against sanctions lists and report to the Ministry of Finance if any of its customers are found to be on a sanctions list (blacklist). The bank must also freeze this blacklisted customer’s assets. No more transactions may be made from their account. The agreement has set

BASIC BANKING SERVICE FOR BUSINESSES

Since 2023, a law gives companies with a registered office in Belgium the right through FPS Economy to open a **bank account** with basic payment services at a systemically relevant bank designated to provide this service.

Febelfin actively cooperated in implementing the legislation and provided constructive feedback on several occasions to optimise the operation of the statutory procedure and its interaction with the Belgian Anti-Money Laundering Act of 18 September 2017, with the aim of preventing money laundering and the financing of terrorism and limiting the use of cash.



Innovative and digital society

The Belgian financial sector is particularly dynamic and has managed to adapt constantly to digital advances and new technologies. This is how the sector embraces the opportunities offered by digitalisation and innovation. The constant quest for improvement, coupled with the bold adoption of new technologies, makes the financial sector a pioneer of innovation.



Innovative payment systems

DIGITAL PAYMENTS CONTINUE TO GROW

Technological advances are reflected in today's payment methods. We note that the use of cash is declining in Europe. The number of cash withdrawals in Belgium has actually halved over a decade, while digital payment solutions have grown rapidly in recent years.

In fact, digital payments have become the preferred means of payment for Belgians, confirming an underlying trend that has been ongoing for several years. This conclusion is supported by the results of the **Digital Payment Barometer 2023**, an Ipsos study conducted by Vrije Universiteit Brussels (VUB) on behalf of partners Febelfin, Bancontact Payconiq Company, Mastercard, Visa and Worldline. The barometer was also an opportunity to promote 1 July 2023 as '**Digital Payment Day**'. Digital Payment Day is an initiative by the partners to encourage consumers to pay for their purchases digitally by card, smartphone, smartwatch or another connected device.

INTERCHANGE FEE REDUCTION: THE SECTOR IS CONCERNED

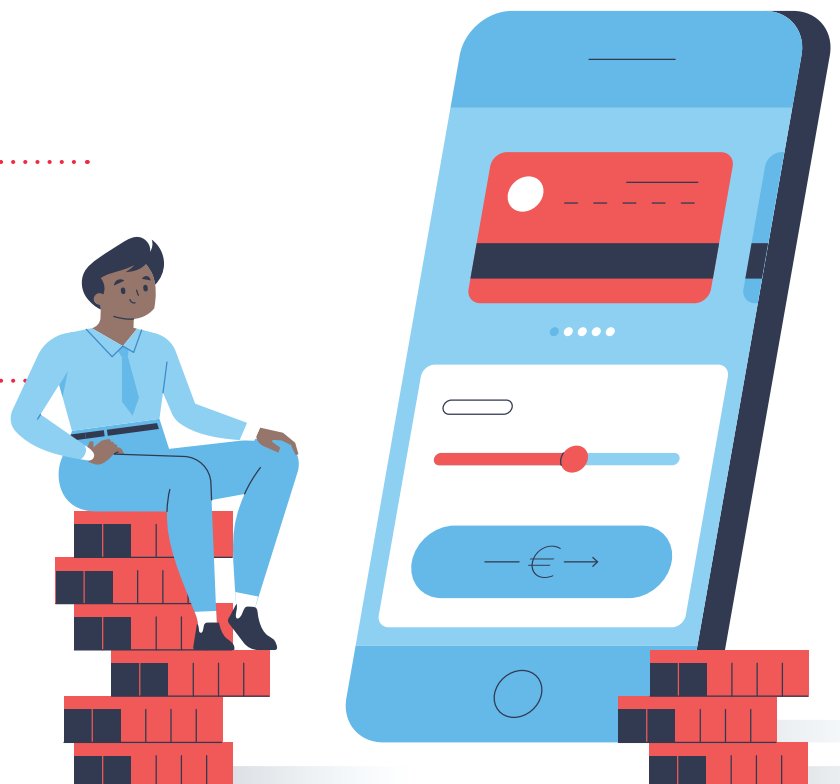
In July 2023, Febelfin expressed its **concern** about the government wanting to lower the **Interchange Fee**. This is one of the three cost components of card payments, and in many cases the lowest. Reducing these costs will ultimately have a very limited impact on merchants. The government invited all stakeholders to express their views on reducing these costs. The sector issued a negative opinion, warning of the consequences of reducing the interchange fee. It was saddened when the government still decided to reduce the Interchange Fee further to the lowest in Europe. This will have a long-term negative impact on the local Belgian payment ecosystem, and benefit foreign card providers.

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83% of Belgians prefer digital payments

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Source: Digital Payment Barometer, 2023



INSTANT TRANSFERS ARE BECOMING THE NEW NORMAL

Another benefit of digitalisation is the increased speed of payments. **Instant transfers**, where the money is in the beneficiary's account within seconds, have been fully integrated.

In 2023, **the number of instant transfers increased again**: the number of domestic instant transfers increased by 15.6% to 171,289,955 transfers. Cross-border transfers increased by 71.5% to 14,290,769 transactions. Unfortunately, not all EU member states are equally advanced in offering instant payments in their respective markets. At the end of 2022, the European Commission therefore decided to make instant payments mandatory, publishing a legislative proposal for this purpose in October 2022. Febelfin and its members campaigned in 2023 for legislation that would be operationally viable. The final European regulation is expected in the first quarter of 2024. Current estimates suggest that all financial institutions offering standard SEPA transfers will have to offer instant transfers to their customers from September 2025, regardless of the channel used. As a result, the share of instant transfers, which currently stands at 21.6%, is set to increase significantly in Belgium over the next few years.

THE DIGITAL EURO: AN ADDED VALUE THAT REQUIRES FURTHER ANALYSIS

Digitalisation of payments is giving rise to various forms of digital money, such as the digital euro. In October 2023, the European Central Bank completed its study phase, focusing on key issues relating to the design and distribution of the digital euro. The preparatory phase started in November. The introduction of the digital euro will be prepared during this phase, which will last at least two years: a

regulation will be finalised, suppliers of the necessary (IT) infrastructure will be selected, and a testing and experimentation phase will be considered. At the end of this two-year period, a decision may be taken to proceed with the final preparations, which could lead to the issue and launch of the digital euro. The legislative process also started in 2023. In June, the European Commission published a legislative proposal for the introduction of the digital euro. Febelfin and its members monitor these developments closely. After all, it is important that a digital euro is thoughtfully designed, considering the current payments landscape, the financial stability of the banking system and the capacity for future innovation. It is vital to remain critical and explore the added value of a digital euro before putting it on the market and requiring large investments from all stakeholders.

In June 2023, the European Commission proposed new legislative proposals on payment services in the European Union (PSD3 and PSR) that make several significant changes to the current directive. Febelfin and its members responded by holding discussions with policymakers to clarify the sector's concerns.

Evolution of financial markets and infrastructures

ANALYSIS OF SHORTENED SETTLEMENT CYCLES AND TECHNOLOGICAL INNOVATIONS

Febelfin deals with developments that could affect the Financial Markets & Infrastructure business area, including the Securities Value Chain, i.e. customer services within asset servicing.

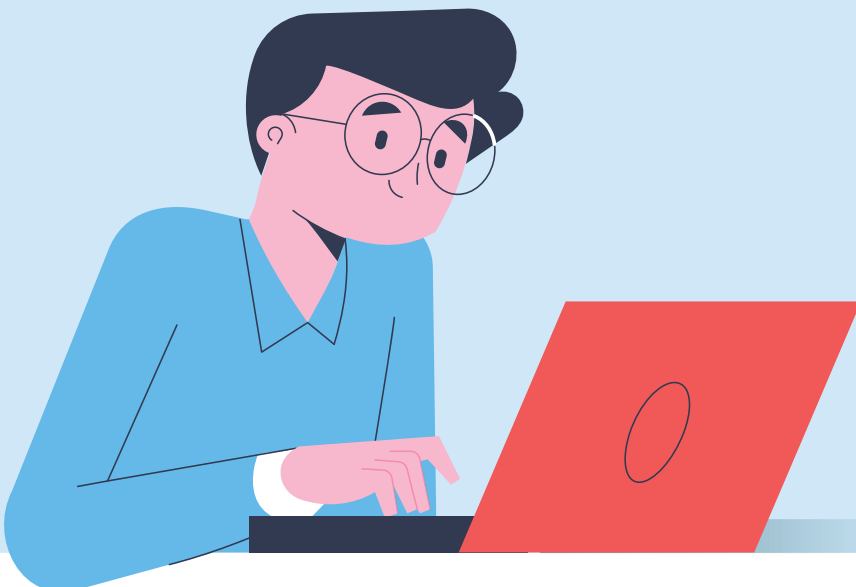
One of the themes driving the operational evolution of the Securities Value Chain is the **shortening** of settlement cycles for securities transactions arising from technical and international developments. In this respect, Febelfin has analysed how market infrastructures, financial institutions and their customers in Belgium and the European Union can prepare for T+1 settlement and, in the longer term, for the future of transaction settlements. Analysing

these potential developments also includes assessing whether settlement and efficiency provisions (such as automation) in Belgium and the European Union are operating efficiently and are suitable for accelerated settlement. **New developments** and **technologies** (such as distributed ledger technology) in wholesale transactions are moreover being scrutinised, also within the framework that the European Central Bank has developed for this purpose. Febelfin also pays special attention to Belgium's role as a **financial and innovative centre** and as a sustainable pillar of the economy.



Inclusive society

Inclusion has long been a focal point for the Belgian banking sector, which is actively working towards it. Digital inclusion means customisation, requiring action in different areas and among different target groups, and includes an important financial education component. The sector has been a leader in several areas, most notably inclusion and diversity in business. Inclusion also means listening to society and guaranteeing access to banking services. Addressing social concerns helps meet individual needs.



Digital inclusion: a priority

INFORMATION SESSIONS ON DIGITAL BANKING AND ONLINE SECURITY

Febelfin has been organising **information sessions on digital banking and online security for several years** throughout Belgium. Most sessions take place on site, while others are delivered through webinars. Bank representatives also attend some sessions to guide participants individually.

More than 50 sessions took place in **Flanders** in 2023. In **Brussels**, the 'Jadopte la banque numérique' (I'm switching to digital banking) project (in collaboration with Paradigm and easy.brussels) ran from September to October 2023 and reached more than 250 people. This project has now been extended to the whole of Wallonia, in collaboration with the SPW (Walloon Public Service), the Agence du Numérique (Digital Agency) and the Walloon EPN (Digital Public Spaces). The initiative is continuing in 2024.

.....

In 2023, Febelfin conducted 86 information sessions on digital banking and online security in which more than 3,750 people participated.

.....

'DIGICOACH' ONLINE TRAINING COURSE

Besides information sessions, the sector continues to develop other initiatives aimed at the part of the population that finds digital banking more challenging. For this reason, Febelfin has developed 'Digicoach', an **online training course for digital coaches and tutors**, i.e. volunteers or professionals who help people improve their digital skills. Through this training, we aim to provide them with the necessary tools and frame of reference to help digital novices use online banking services and payment applications (in a completely secure manner). In total, 319 volunteers and professionals have completed the training in six months.



Febelfin has created a brochure entitled '**Digital inclusion**', which lists all the material we provide on digital inclusion and online security. This structured overview is handy for tutors, stakeholders and consumers alike.

[READ THE BROCHURE HERE](#)



Febelfin published the storytelling brochure '**To app or not to app**'. This document explains how Belgians do their banking today and includes most of the figures on the number of bank branches, ATMs and cash withdrawals.

[READ THE BROCHURE HERE](#) (only available in Dutch and French)

Financial education in the foreground

EDUCATIONAL MATERIAL

For some time now, Febelfin has been making considerable efforts to produce educational material and launch new initiatives to provide maximum support to Belgians in the field of financial education. In collaboration with ED TV, Febelfin has developed **new educational material** (only available in Dutch and French) that explains banking and economic concepts such as interest rates, inflation and savings in a simple way. The format consists of a video showing a situation that young people will recognise, followed by an expert explanation. Lesson sheets have also been produced for teachers who can use this ready-made educational material in the classroom. All this bilingual material can also be found on Febelfin’s website and ED TV’s platform.

Some time ago, Febelfin also developed educational material on **bitcoins** and **money mules**. This material, which consists of lesson sheets and a three-part mini-series, is now available in French.



SCHOOL PERFORMANCES: A SUCCESS



To improve the financial education of young people, Febelfin is active throughout the year with information on money matters on its website mijngeldenik.be and financesetmoi.be (only in Dutch and French) and on its social media, such as [TikTok](https://www.tiktok.com/@febelfin) and [Instagram](https://www.instagram.com/febelfin).

Febelfin not only offers educational material, but also collaborates with **Kamal Kharmach to transparently explain how the financial sector works**. Kamal Kharmach, a TV presenter and lecturer in business economics at the KdG University of Applied Sciences and Arts, is also a stand-up comedian with a fascination for all things economic. Supported by Febelfin, Kamal has created a comedy show for schools called ‘**Economedy**’. The show has been a great success: so far, more than **15,000** students have attended the show. The educational performances will run until the end of May.

.....

Young people give themselves a score of only 6.4 out of 10 for their financial literacy

Source: IndiVille, 2023

.....

ALSO LEARN ABOUT INVESTING

Providing understandable information to potential investors is also essential to promote financial literacy and to enable them to make informed choices when managing their savings. BEAMA, a sub-association of Febelfin, also launched several financial education projects in 2023 to improve the general public's financial knowledge about **asset management**. At European level, EFAMA has published a very accessible **brochure** with answers to the nine most frequently asked questions on this topic. The section dedicated to financial education on BEEMA's revamped website has been expanded.

While the sector wants to improve the general public's financial literacy, it also wants to invest in **financial education for professionals**. In relation to asset management, for example, there are various training courses on investment instruments, including investment funds.

.....
More than six in ten young people say their knowledge of investment products is insufficient.

Source: IndiVille, 2023

.....

Access to banking services

ACCESS TO CASH: PROTOCOL WITH THE FEDERAL GOVERNMENT

Despite the growth of electronic payments in Belgium, cash is – and will remain – an important means of payment. Over the years, the banking sector has launched several initiatives to continue ensuring access to cash. In 2023, Febelfin started discussions with the federal government and

the National Bank of Belgium to explore ways to optimise ATM access. After all, the banking sector continues to listen to citizens' concerns and consider them when implementing its projects. These discussions have led to an **agreement** between the banking sector and the federal government that provides for widespread **accessibility and availability** of ATMs.



As a banking sector, we are very pleased that an agreement has been reached with the government. This shows that we want to play our part to the full and are prepared to adjust the plans in order to meet social concerns as much as possible.'

Karel Baert, CEO of Febelfin



BANK CHARGES: BEST VALUE FOR MONEY FOR ALL TYPES OF CUSTOMERS

The Belgian banking sector commissioned KPMG Belgium to conduct a comparative study on the **costs** of payments for consumers and merchants in Belgium.

Belgian banks were compared with banks in seven other European countries (in neighbouring Germany, France, Luxembourg and the Netherlands, in two countries in the South, namely Spain and Italy, and in a highly digitalised country, Sweden).

KPMG's **analysis** shows that both merchants and digital and non-digital consumers are particularly well-served in Belgium, in terms of price and offering.

The study also shows that Belgium and Germany are the only countries to offer a package for non-digital consumers, with more attractive prices in Belgium than in Germany. In other countries, similar services are only available on an 'à la carte' basis, at remarkably higher prices than in Belgium.

With the universal banking service (UBS), the Belgian banking sector has developed specific services for the non- or less digitally proficient group of customers.

Annual **fees** for the UBS range between €39 and €60, by far the lowest of the countries analysed.

The sector as an employer: responsible and committed

A BANKERS' OATH FOR GREATER TRUST

Febelfin has played a proactive role in adapting the regulations on the bankers' oath, as set out in the Belgian Act of 20 December 2023 containing various financial provisions. With the introduction of the bankers' oath, people in management positions and certain staff members of credit institutions and agents for banking and investment services must **take an oath**. This oath is designed to increase **trust** in the financial sector. Febelfin will assist in its implementation in the banking sector.

In 2023, the project had 2,337 registrations, of which 851 were for the Fin Days: short training courses organised in conjunction with partners around key trends in the financial sector. In 2023, the themes were challenges and opportunities for the financial sector, data literacy and sustainability.

On 6 and 7 October 2023, Febelfin Academy organised the fourth edition of the **Fin Challenge**. The Fin Challenge is a biennial initiative of Febelfin Academy in partnership with Fin Talent, the joint training initiative of the banking sector.

TRAINING EMPLOYEES

The financial sector is committed to helping its employees develop their careers and talents.

Elan +, which consists in a range of training courses for the sector, is the result of a unique partnership between the unions, the employers of Joint Committee 310 and the Febelfin Academy. Every year, employees can attend free training courses on banking techniques, personal development, digital skills, languages, and also receive career guidance.



The theme for 2023 was ‘New banking business models’. Over 60 professionals from 15 different financial sector organisations shared ideas over two days. During the final presentation, the 12 teams presented their business concept to the judging panel and the audience. Two teams eventually emerged victorious.



The sector’s commitment as an employer also means that office staff can be guided in specific situations, such as how to treat customers with a disability. To this end, Febelfin has prepared a brochure to improve how disabled customers are taken care of and to provide better guidance to office staff in this area.

[READ THE BROCHURE HERE](#)

ATTRACTING NEW TALENT

In addition to providing training, it is essential to raise the profile of the various professions in the financial sector and to highlight the many job and career opportunities that IT offers.

That is why Febelfin Academy has organised the **Fin Competition** for several years. Universities of applied sciences and academic universities compete to see who can become the best virtual bank in Belgium. Not only to bring business and education closer together, but also to help students understand the ins and outs of the financial world. Our experts teach young people how the sector works and how they can make a difference there. The fourth edition of the Fin Competition started on 7 September 2023 and the final was held on 7 December 2023.

.....
400 students from 13 universities of applied sciences and 3 academic universities participated in the 2023 Fin Competition



CONSULTATION WITH SOCIAL PARTNERS

As in all sectors, the social partners in the banking sector have negotiated a new Collective Labour Agreement (CLA) for 2023-2024.

The agreement, signed on 3 July 2023, covers a wide range of areas. The CLA covers several topics, including the individual right to five days of training per year, disconnecting (the right not to be available outside working hours) and diversity.

Events were also organised to discuss working in the financial sector. For example, on 6 June 2023, social partners from the banking and insurance sector met for a series of expert presentations on **viable work in the financial sector**. They presented a wide range of solutions and tools on this topic.



We wanted to tackle the topic of viable work in a positive and inspiring way. We did this by providing concrete building blocks for businesses, HR managers and prevention officers to improve their policies.'

*Wien De Geyter,
Secretary-General of Febelfin*



DIVERSITY AND INCLUSION IN THE SECTOR

The banking sector wants to be a model of inclusive and diverse thinking, leadership and decision-making.

Over the past two years, the sector has stood out for the progress it has made on **gender equality**, which is now visible at all levels of management in the financial sector. **Women** now make up 46.5% of middle management, 32.2% of senior management, 25.4% of executive committees and 26.9% of the management boards. These are the findings of



the **annual report** of **Wo.Men in Finance Belgium**. Founded four years ago, Wo.Men in Finance, an association that now comprises 55 financial institutions that have signed the charter of the same name, is considered a unique example of a sectoral approach in Belgium and Europe. Its members – banks, insurance companies and other financial firms – collectively represent more than 90% of the sector and have developed a real community for sharing experiences about diversity, equality and inclusion.

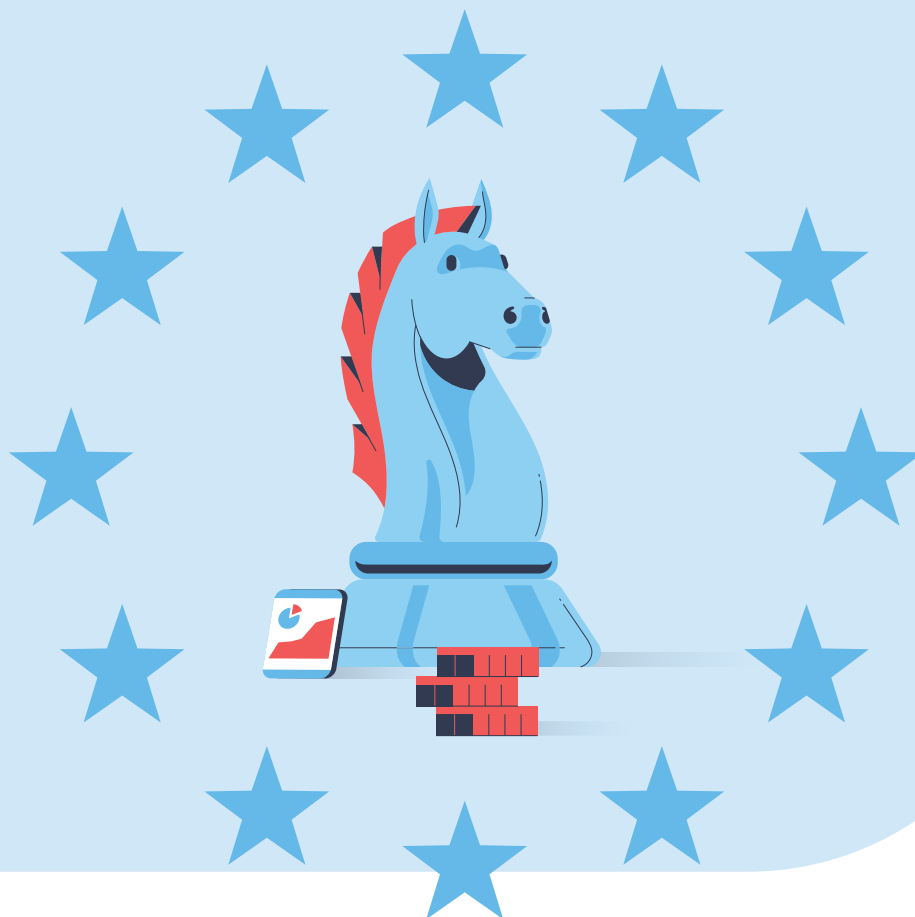
Our sub-association, BEAMA, also became a member of Wo.Men in Finance Belgium in 2023. Through this membership, we will be able to harness the potential that diversity and inclusion can bring to the asset management sector and drive positive change.

Febelfin also took proactive steps last year for more **multicultural inclusion**. A working group of ten financial institutions has been set up to share best practices in preventing any discrimination based on a job applicant's origin. The **Multicultural Bankers network** was officially launched at an event on 20 October 2023, along with the website www.multiculturalbankers.be.

By signing the Open@Work charter, Febelfin has also committed to greater **LGBTQIA+ inclusion**.

Partner in Europe

With the creation of the banking union and the introduction of banking supervision at the European level, the financial sector has become a concrete example of European integration. A significant part of financial regulation is also developed at EU level. The financial sector monitors these developments closely.



The sector and Europe: the Belgian presidency and regulatory dynamics

RECOMMENDATIONS FOR THE BELGIAN PRESIDENCY

In the context of the **Belgian Presidency** of the Council of the European Union, which started in January 2024, Febelfin has published its **recommendations** on European policy and Belgium's involvement. In a comprehensive position paper, Febelfin has outlined its views on several issues that will receive attention during the Belgian Presidency. The sector has also made recommendations on the political principles that Belgian policymakers need to consider in the EU context.

INITIATIVE TO BETTER MONITOR REGULATORY DEVELOPMENTS

Febelfin closely monitors all regulatory developments in the European Union and has a **Regulatory Dashboard** that tracks all EU legislative initiatives. Through this tool, Febelfin members have a full overview of all relevant information and documentation on issues affecting the financial sector.

Members receive weekly information updates. This allows them to anticipate and better prepare for what lies ahead at EU level in the coming months and years.

THE CAPITAL MARKETS UNION: AN ONGOING FOCUS AREA

Febelfin continues to monitor EU discussions and regulatory proposals on the **Capital Markets Union** and keeps its members informed. Specifically, Febelfin follows the Commission's Retail Investment Strategy (RIS) initiatives, which focus on the investor pathway and a bespoke asset allocation strategy. The foundation has also been laid for the Listing Act,



Febelfin organises a Fincafé every year: an interactive online event offering inspiration and information on current and relevant topics. This time the spotlight was on the Belgian Presidency of the Council of the European Union, which began in January 2024. Speakers from a variety of European backgrounds reflected on the responsibilities, challenges and opportunities of the Presidency and what the next European Commission could or should aim to achieve.

a package of measures designed to make the EU's public capital markets more attractive to businesses and to facilitate access to capital for SMEs. Lastly, Febelfin is also closely following the review of the Central Securities Depositories Regulation (EU Regulation 909/2014, CSDR) and the Shareholder Rights Directive II (EU Directive 2017/828, SRD II). Febelfin actively supports the sector in defining positions and participates in various European initiatives on this theme.



APPENDIX:

Febelfin's sustainability report

Sustainability, in the broadest sense, has long been at the heart of Febelfin's work.

In 2023, the Febelfin team re-examined how we can make a sustainable contribution through our core activities. As a financial sector federation, Febelfin also highlighted the efforts and initiatives through which it can help and support its members to maximise their positive impact on society and thus strengthen the financial sector's social contribution to a sustainable transition.

Alongside our members, we continue to work

on solutions to enable the transition to a more sustainable society and on social initiatives to promote inclusion.

Febelfin does not just think sustainably. It wants to be sustainable and communicates this transparently to its members and stakeholders.

We highlight some of our ESG (environmental, social and governance) achievements in the overview below. And we link them to the UN Sustainable Development Goals (SDGs).

SUSTAINABLE DEVELOPMENT GOALS

ENVIRONMENT

13 CLIMATE ACTION



General:

- Supporting members in integrating European taxonomy
- Supporting energy renovation of buildings (residential and commercial) through mortgage loans
- Helping members integrate sustainability preferences into investor profiles and investor protection rules (MiFID)
- Making businesses aware of the importance of sustainability and ESG reporting, and individual support to businesses by members on climate transition and investment planning
- Life Be Free
- Consumer credit for tomorrow

Internal governance:

- Internal mobility policy initiatives: electric bicycle; possibility of charging bicycles and electric cars; flexible mobility budget and so on
- Internal energy-saving measures: focus on saving electricity, heating and lighting, solar panels, green roofs, limited use of printers, sustainable waste disposal and recycling policies, and so on.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



- Management and development of a 'sustainable financial products' standard (Towards Sustainability label)
- Developing financing solutions in support of the circular economy, particularly through financial leasing: charter for the circular economy
- Supporting members in the increasing integration of ESG aspects (e.g. communication on ESG reports, and so on)

SOCIAL



- Developing and providing energy crisis support measures to individuals and businesses
- Many studies, actions and partnerships relating to digital inclusion, especially for vulnerable groups
- Responsible lending and combating over-indebtedness
- Maintaining the accessibility of banking services by offering basic banking services to individuals and introducing the universal banking service (UBS), and the ten action points to promote digital and wider inclusion.



- Many financial and digital literacy initiatives for different target groups
- Raising the general public's awareness of cybersecurity
- Info sessions on digital banking, payments and security



- Actions and campaigns to improve gender diversity and inclusion in the sector (e.g. inclusion campaign and developing instruments to improve inclusion)
- Actions and initiatives to combat all forms of discrimination (background, religion, and so on)



- Working with other sectors and businesses on greater gender equality (e.g. inclusive panels)
- Wo.Men in finance project
- Appointing an inclusion coordinator to continue developing the inclusion policy, internally and externally
- Initiatives for customers with disabilities
- Organising events with balanced representation of male and female speakers
- Launching Multicultural Bankers in 2023
- S.HE Goes Digital

8 DECENT WORK AND ECONOMIC GROWTH



- Creating tools to channel investment towards economic transition and recovery
- Efforts to position the financial sector as an attractive employer
- Investing in ongoing staff training
- Initiatives to control work-life balance, including the structural remote working framework
- First sector in Belgium with a CLA on disconnecting
- Initiatives to support staff in the digital transition
- Efforts to negotiate salaries and maintain a competitive pay package
- Internal staff policy: possibility of remote working; flexible working hours; attention to diversity; gender-neutral vacancies; training; attention to ergonomics, possible stress factors at work, and so on
- Signing the Open@Work Charter
- Initiatives in occupational health, sports coaching and activities with colleagues
- Partnering with Time4Society

GOVERNANCE

8 DECENT WORK AND ECONOMIC GROWTH



- Febelfin internal governance: investing an ever-increasing proportion of available reserves in sustainable products (funds)

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



- Initiatives and new legislation to combat financial crime and money laundering
- Supporting members in applying international embargoes
- Supporting initiatives to continuously update internal control and compliance procedures
- Assisting members in applying national and international tax legislation for the proper collection of taxes payable

17 PARTNERSHIPS FOR THE GOALS



- Many partnerships with federal, regional and local governments, NGOs, social organisations and other institutions to achieve and develop the above objectives



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