



The financial sector, a partner for the future



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ABSTRACT

This is the speech given by vice-prime minister and minister of Finance, Vincent Van Peteghem, at this year's Febelfin Connect event "The Financial sector, a partner for the future" in Brussels on March 29, 2023.

There are certain things you can set your agenda to as minister of finance. There are the European Ecofin meetings, the IMF Spring Breaks, the National Bank's quarterly reports and this meeting with all of you, the broad financial sector, at Febelfin Connect. So first of all, I would like to thank the people at Febelfin warmly for hosting this valued networking event again.

Once again, we meet, unintentionally, in particularly challenging times.

In 2020 and 2021, Febelfin Connect had to be rescheduled due to the corona pandemic. Fortunately, I still got the chance to speak to some of you digitally during that period. We spoke mainly about the role the financial sector could play in supporting our families, single people and healthy businesses. The government found an ally in the Belgian banking sector. An ally to guide our country through the crisis and offer a fresh start after the pandemic. I am still particularly proud of that.

By last year's edition, the heaviest waves of infection were behind us and we were able to meet again at Febelfin Connect. Yet at that time, our economy and society were under more pressure than ever. Inflation skyrocketed in the slipstream of the covid pandemic and the war in Ukraine amplified all that. Energy bills and household costs rose at a rate we had rarely seen before.

Rarely did skyrocketing inflation, an energy crisis and the threat of imminent recession follow each other so quickly. It became a stress test not only for the government, our families and businesses. But also, for all of



you. Today I would dare to say that, despite the ongoing war in Ukraine, we have weathered that difficult post-corona pandemic period to the best of our ability.

Today we are cautiously leaving the energy and purchasing crisis in our country behind us. Inflation in Belgium is the second lowest in the eurozone. We remain vigilant, of course, but at the same time we are shifting our focus to a new challenge.

I refuse to use the word “banking crisis” for that new challenge. After all, this is not an industry-wide crisis. But the challenge that follows is, nonetheless, one for the wider financial sector. For although at first sight the events of the past few weeks have little to do with the crises, we have faced over the past two years, they are once again striking a nerve in society. After all, partly due to the rapidly successive and sometimes divergent news coverage, citizens' sense of insecurity is rekindled.

Peter Praet, former chief economist of the ECB put it aptly in *De Tijd* a few days ago. "*I am emotionally worried and rationally reassured*," he replied when asked whether people should be worried about recent events. That rational reassurance makes sense, as the facts speak for themselves. Anyone looking objectively at our Belgian banks today sees a much stronger and more resilient sector than it was during the time of the 2008 financial crisis. Because we all did learn lessons from that crisis. Supervision and applicable capital requirements and buffers were substantially sharpened. Our Belgian banks are solid and have solid buffers to absorb any shocks.

Emotions, on the other hand, are less factual, but not less relevant. We have to realise that in recent months and years, people have seen several crises pass through that they never expected. A pandemic with lockdowns. An energy crisis with skyrocketing bills. A war on European soil.

So even if, objectively speaking, there is no danger for our Belgian banks at this very moment, it remains crucial to keep calm and ensure confidence. First of all, by closely monitoring the situation, communicating clearly and, very important, by working hard every day to strengthen the confidence in our financial system. This will require efforts from all of us. Because psychology, as you are all aware, plays an essential role in preserving our economic and financial stability. As policymakers, we must safeguard confidence in our financial system and avoid panic reactions.

ECB president Christine Lagarde therefore very aptly quoted French philosopher Voltaire last week. "Uncertainty is an uncomfortable position. But certainty is an absurd one." Thinking to have certainty about everything in life, you risk running into a wall of problems at some point.

It is therefore crucial to face the uncertainties with confidence. To take advantage of the uncertainties to highlight, once again, the societal role of the financial sector once again.

If we want to strengthen citizens' trust in the financial sector, I believe we need to consider three key concerns: accessibility, availability and affordability.



More and more people are using digital banking services for their efficiency and speed of use. This is the merit of the wider banking sector. Yet not everyone is on board with the digitization of banking services and a digital divide still exists today.

Rapid digitalization is often perceived by the most vulnerable as a source of stress and isolation. We must therefore always look behind us to make sure everyone is on board. Only this way we can earn citizens' trust again every day.

We succeeded in gaining trust by introducing the universal banking service. That was a clear commitment to the segment of the population that has difficulty with the ever-increasing digitalization of society. And we must confirm that commitment when it comes to the presence of sufficient ATMs in our Belgian cities and towns.

Negotiations are still ongoing, but I feel that the objectives of the industry and policymakers are closely aligned. You will always find in me a partner to work on a commercially viable plan that guarantees accessible, available and affordable ATMs in every Belgian municipality. A plan that leaves no one behind and lays the foundation for strengthened confidence in the banking industry and in the future.

Because in that future, of course, you all have a crucial part to play. I therefore hope I can count on your support to co-invest in our families and businesses in the coming years. To co-invest in our country, our society and our economy.

But above all, to invest in a strong, credible and reliable financial sector. A sector we can build on. A sector that helps build tomorrow.