Banking in Europe:
2020 Facts & Figures

Prudential Policy and Supervision
Banking in Europe: 2020 Facts & Figures

1. Structure of the banking sector
   ◆ Credit institutions in the EU
   ◆ Branches & subsidiaries
   ◆ Banks staff

2. Supporting customers
   ◆ Deposits & loans
   ◆ Banking Lending Survey
   ◆ Lending & payments

3. Banking sector performance
   ◆ Assets & bank funding
   ◆ Bank profitability

4. Covid-19 special chapter
   ◆ What happened?
   ◆ What is next?

5. Country by country statistics
   ◆ Country pages
   ◆ Annexes
Structure of the banking sector:
Credit Institutions

- Credit institutions legally incorporated in the reporting country
- Branches of non-EEA based banks
- Branches of euro area-based credit institutions
- Branches of EEA-based credit institutions (outside the euro area)

Target: Profitability
Solution: Consolidation -35% reduction since 2008
Problem: Overcapacity
Structure of the banking sector: Branches & Subsidiaries

Number of domestic branches (thousands)

Credit institution subsidiaries
- Subsidiaries of credit institutions from other EU Member States
- Subsidiaries of credit institutions from outside the EU

DIGITAL BANKING

RETAIL BANKING
Structure of the banking sector:
Banks staff

3-4% GVA to European Economy

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Scope: Top EU 15 banks
Structure of the banking sector:
Inhabitants per bank branch and bank staff

- 2010: 3282.2
- 2019: 5536.4

+69%

2008: 140
2009: 150
2010: 160
2011: 170
2012: 180
2013: 190
2014: 200
2015: 210
2016: 220
2017: 230
2018: 240
2019: 250
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Supporting customers:
Deposits

Bank deposits in the EU € trillion
- Euro area (changing composition)
- Other EU

Deposits by counterparty sector € trillion
- Euro area (changing composition)
- Other EU

+5% YoY Total Liabilities Deposits to €24.7 Trillion
Supporting customers: Loans

Bank loans in the EU € trillion
- Euro area (changing composition)
- Other EU

Loans by counterparty sector € trillion
- Euro area
- Other EU

+3.9% YoY of Loans outstanding to €26.1 Trillion
Supporting customers: Loans

TOP 3 SECTORS (% share of Loans granted)

#3 Wholesale & Retail Trade - 13.1%
#2 Manufacturing - 14.4%
#1 Real Estate - 36.4%
Supporting customers:
Banking Lending Survey (BLS)
Supporting customers: Lending & payments

Numbers of inhabitants per ATM

- Austria
- Portugal
- Croatia
- Germany
- Spain
- Luxembourg
- United Kingdom
- EU 28
- Italy
- Bulgaria
- France
- Belgium
- Slovenia
- Poland
- Ireland
- Estonia
- Romania
- Greece
- Cyprus
- Slovakia
- Hungary
- Czech Republic
- Latvia
- Malta
- Denmark
- Finland
- Lithuania
- Netherlands
- Sweden

1,192

430,000 ATM in EU

150 Bn cashless payment made by non-MFIs

SEPA system covering 520 mln people

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Banking sector performance:
Assets

Total assets in EU banks
€ trillion

-5 5 15 25 35 45 55
2019
2018
2017
2016
2015
2014

Euro area  Non-euro area - EU countries  Total EFTA

+$3 Trillion from previous year

Deposits in EU banks as % of total banking assets


Steady Bank funding based on deposits
Banking sector performance: Banks profitability

Return On Equity

- Negative Economic shock
- Depressed ROE
- Slow and steady recovery

2007 ROE: -4%
2008 ROE: -2.8%
2019 ROE: 5.7%

GFC
Covid-19
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COVID-19 Special Chapter

What happened?

- Resilience
- Policy reaction
- Support to the economy

What is next?

- Real-life stress test: Impact on GDP
- Cost of funding
- Room for manoeuvre
Resilience

**Liquidity Ratios**

- **Liquidity coverage ratio**
- **Net stable funding ratio**

**Capital ratios**

- **Common Equity Tier 1 Capital**
- **Total Capital**

**Sources:** EBA

1) *Enhanced liquidity*

2) *Robust capitalisation*

3) *Regulatory reform proven successful*

4) *Difference between failure and endurance*
COVID-19 Special Chapter

What happened?
- Resilience
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What is next?
- Real-life stress test: Impact on GDP
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Policy reaction

1) Monetary policy: this time commensurate to crisis
2) Supervisory policy: flexibility within regulatory limits
3) Regulatory policy: quick fix to secure bank lending
4) Recovery fund: rounding off a multi-pronged policy reaction

Sources: Bloomberg, ECB

QUICK FIX
Bps of CET1

Temporary: 70
Discretionary: 25
Permanent: 95

Sources: EBF estimates
COVID-19 Special Chapter

What happened?
- Resilience
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Support to the economy

Moratoria proposed by EBF, articulated by EBA, implemented by EU banks

Level of lending maintained and increased

871 billion euros (*) to help 8 million beneficiaries

Sources: EBA as of June 2020 (*), and EBF

Loan growth during COVID-19 (% points)

MORATORIA RESPONSE TIMELINE

MARCH
• 11th: EBF early call for coordinated action of EU authorities

APRIL
• 2nd: EBA guidelines on moratoria schemes
• 20th: EBA follow-up letter with 32 recommendations

MAY
• 27th: EBF requests to extend application deadline of private moratoria from June to September 2020

JUNE
• Joint collaboration between EBF Moratoria Task Force with members from National Banking Associations and the EBA

Sources: ECB

871 billion euros (*) to help 8 million beneficiaries

Sources: EBA as of June 2020 (*), and EBF
COVID-19 Special Chapter

What happened?

◆ Resilience
◆ Policy reaction
◆ Support to the economy

What is next?

◆ Real-life stress test: Impact on GDP
◆ Cost of funding
◆ Room for manoeuvre
Real-life stress test: Impact on GDP

Sources: ECB and EBA

Central Scenario

EBA ST 2014 - 2016
EBA ST 2016 - 2018
EBA ST 2018 - 2020

Adverse Scenario

1) Past stress tests proven useful
2) Capital depletion manageable up to 4% GDP decline (3-year)
3) Exponential effect beyond 5% GDP decline (severe scenario)

Projections for 2016, 2018, 2020

Vulnerability Analysis COVID-19, 2020-2022 cumulative

EBA STs Adverse Scenarios (2014, 2016, 2018)
Cost of funding

1) Increased loss absorbency with a 4% cushion of AT1 and T2 built in the last 5 years

2) Extenuating circumstances shook convertible bonds market

3) Ample market liquidity attenuated volatility shock

Sources: EBF and EBA
Cost of funding

Reversal gap COE - ROE

Sources: ECB, Citi, BdE and EBF

Longstanding reversal with cost and return of equity
COVID-19 Special Chapter

What happened?
◆ Resilience
◆ Policy reaction
◆ Support to the economy

What is next?
◆ Real-life stress test: Impact on GDP
◆ Cost of funding
◆ Room for manoeuvre
Room for manoeuvre

Experience

◆ Resilient EU banking system
◆ Firm and profound EU policy reaction
◆ Ample support to the economy

Lessons learnt

◆ Regulatory framework sound but rigid
◆ Need to strike the right balance between banks’ resilience and lending
◆ Greater room for manoeuvre may make the framework more flexible without compromising its soundness
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5. **Country by country statistics**
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Country by country statistics:
Country pages

32 Members
10 Associates
32 Member Associations
10 Associate Members
Country by country statistics:

Share of total number of credit institutions (EU-28): 5,981

- Germany: 25.6%
- Poland: 10.5%
- Austria: 8.7%
- Italy: 8.2%
- France: 6.8%
- United Kingdom: 6.7%
- Ireland: 5.2%
- Finland: 4.1%
- Sweden: 2.6%
- Spain: 3.3%
- Other EU Member: 18.3%

Share of total assets held by banks (EU-28): €45,550,305 million

- Germany: 18.2%
- France: 20.5%
- Italy: 8.2%
- Spain: 5.9%
- Netherlands: 5.3%
- Ireland: 2.7%
- Sweden: 2.9%
- Denmark: 2.6%
- Belgium: 2.3%
- Luxembourg: 2.6%
- Other EU Members: 8.1%
- United Kingdom: 20.7%
- Other EU Member: 18.3%
## Country by country statistics:
### Statistical annex

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<th>Country</th>
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Source: www.ebf.eu
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Contact

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Francisco Saravia
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