

EBF PRESS RELEASE

Banking in Europe: data confirms banks reduced physical presence in 2019 due to increased focus on electronic payments, online and mobile services

- European banks take key steps to reduce overcapacity and enhance profitability
- Total number of credit institutions in the EU down by 30% since 2008 due to rapid uptake of online and mobile banking services
- Bank resilience and EU policy tools key to continued lending in European economy amid Covid-19 recovery

BRUSSELS, 3 December 2020 – The European Banking Federation today has published *Banking in Europe: Facts & Figures*, its annual update on the banking sector in Europe. The publication shows that the contraction in the European banking sector, both in terms of staff numbers and branches, continued in 2019 as banking customers have continuously, widely and enthusiastically, adopted electronic payments as well as online and mobile banking.

This year's report explores the Covid-19 impact on the banking sector. A coordinated response from the EU authorities has successfully mitigated the surge in market volatility after the outbreak. Monetary policy drive, supervisory flexibility, regulatory fixes along with significant support from the Recovery Fund, continued to sustain the European economy throughout the pandemic. Banks are part of the solution, maintaining and enhancing the level of lending to the European economy.

"Banks built-up resilience and combined policy support have sustained credit to households and businesses in Europe, in many cases allowing companies and individuals better navigate these challenging times. Together with policymakers and supervisors, we need to incorporate lessons learnt to our future regulatory framework," said Gonzalo Gasos, Senior Director Prudential Policy and Supervision at the EBF.

Banks continue to scale back their physical presence across Europe

The Banking in Europe overview shows that the total number of credit institutions in the European Union has consistently fallen for eleven years in a row and declined by 1.8% in 2019 to 5.981 institutions, down by 2.544 since the contraction began. The importance of widespread bank branch networks continues to be reduced as the number of bank branches in the EU declined to 163.270, showing that about 10.000 branches were closed last year. Compared to 2008 the total number of bank branches has declined 31%, or by almost 75,000, reflecting the rapid uptake of online and mobile banking services in recent years. In 2019 more than half of all people in the EU, 58 percent, used Internet banking, compared to 25 percent in 2007.

The number of people working for credit institutions in the EU fell to the lowest level since the ECB started measuring this in 1997 and stood at approximately 2.62 million people at the end of 2019, compared to 2.67 million a year earlier. This compares to 3.26 million in 2008. About two-thirds of all bank staff in the EU is employed by a bank headquartered in one of the five largest EU economies.

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Business and household lending on the rise

The total deposits from businesses and households grew by 4.7 percent to €17.7 trillion, with €13.1 trillion in deposits in the euro area. Deposits from households rose 6.2 percent compared to a year earlier while business (non-financial corporation) deposits increased 2.9 percent.

The value of loans to EU households increased 4.8 percent to €8.7 trillion, led higher by loans to households in the euro area, which grew for a fifth consecutive year. The value of loans to households in the eurozone has risen by some €730 billion since 2014.

Banking in Europe: EBF Facts & Figures is a multi-faceted digital resource with key data about banking in Europe providing readers with a unique perspective on, and deeper understanding of, the statistics and trends in European banking on a year-over-year comparison. It also includes data on the structure and performance of the banking sector, trends in lending and deposits, among other topics. The data is based on publicly available information from the European Central Bank, the European Banking Authority, the Eurostat, national central banks and the EBF and its the members. The publication is available online via the EBF website and can be found at <https://www.ebf.eu/facts-and-figures/>.

In addition to the public data, *Banking in Europe* includes comprehensive national bank sector data provided through all 32 national banking associations that are members of the EBF. This year's edition also includes descriptions of national banking sectors by a number of EBF Associate members, including Albania, Andorra, Armenia, Azerbaijan, Bosnia and Herzegovina, Monaco, Montenegro, Republic of North Macedonia, Serbia and Turkey.

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About the EBF:

The European Banking Federation is the voice of the European banking sector, bringing together national banking associations from across Europe. The EBF is committed to a thriving European economy that is underpinned by a stable, secure and inclusive financial ecosystem, and to a flourishing society where financing is available to fund the dreams of citizens, businesses and innovators everywhere. Website: www.ebf.eu