

Spain

The economic growth in Spain was 5.5% in 2021 based on the strength of consumption and the impetus of tourism and the private investment. Growth came with headline inflation at 3.1% on average (5.8% at the end of the period).

The Spanish labour market has continued to recover, with employment growth substantially outpacing GDP over the past two years, mainly thanks to the short-term work schemes limiting job losses. The unemployment rate declined over 2021 to 13.4% in December.

Fiscal policy in Spain remained accommodative even though the general government deficit fell in 2021 to 6.9% of GDP.

Regarding banking structure, as of December 2021, Spanish banking sector was composed by ten banking groups -one less than the year before- under direct supervision of the SSM, representing more than 90% of the industry, and 48 private banks, 2 saving banks and 61 cooperative banks supervised by Banco de España.

Differences in structure respond to the merger between Liberbank and Unicaja, which took place in June 2021.

In terms of profitability, the return on equity ratio (ROE) was, as of December 2021 and on a consolidated basis, 11.3%, versus minus 3.9% in the previous year, given the good results of the sector in 2021. The consolidated regulatory capital ratio remained at 12.4%, as in the previous year. In addition, the NPL ratio remains also stable at 3%, compared to 2.9% in December 2020.

As far as payments concerns, there is an old tradition for the Spanish banks to the payments' digitalisation process and figures can only confirm that course. Since 2017 more than 97% of the accounts are reachable through the SCTInst SEPA wide SCTInst is already an even alternative for payments, 48% of the total volume of credit transfers processed in the clearing system were SCTInst (additionally all "on-us" transactions, estimated in 50% of the total, are already processed on real time). The instant mobile payment system known as BIZUM, based on a proxy database that obtains clients' IBANs, has enlarged the use cases and the customer base, that has reached 22Million (over half of the adult population), that remain active (8 out of 10 used it at least once in the last month, and in average, they make 38,5 transactions per year. Daily average for e-commerce transactions through BIZUM have multiplied by 10 in the last year. BIZUM is now being introduced into the physical shops. In parallel, mobile payments represent 17% of the non-remote card payments. In all, contactless payments are over 80% of the card transactions.

In a still cash-based economy as the Spanish one, the usage of cards for daily payments has still experienced a growth of 8% and represent one third of the households' consumption. While ATM transactions have increased in the last year around 13%, cards payments have grown 25% (over 18% in e-commerce) compared to 2020 that experienced the COVID-19 impact.

Sustainable financing in Spain experienced strong progress in 2021. The total of green, social and sustainable bonds and loans in Spain was €46,907 million in 2021, 42% more than the previous year, with new issuers and borrowers, greater diversification of sectors and companies, and products of greater complexity. In concrete, 15 out of every 100 euros financed in the capital market already correspond to the sustainable area.

Green Bonds represented 63.9% of the total volume -almost 2 out of every €3, up to €18,249 million; Sustainable Bonds, 22.9%, up to €6,530 millions; and Social Bonds, 8.8%, up to €2,500 million. In addition, green loans computed close to €18,400 million in 2021, with an increase of 2.2%.

Finally, we may underline that, since the beginning of the crisis, Spanish banks have been part of the solution supporting their clients' overcome difficulties. Not only as a result of the crisis unleashed by COVID19, but also with the war in Ukraine and its effects on the economy, Spanish banks have supported their clients to alleviate the crisis effects, for example, searching for medical supplies, making donations, carrying-out solidarity campaigns, etc. But not only that, but since the beginning of the crisis the banking system has implemented unprecedented economic and financial measures: as of December 2021, mortgage and consumer moratoriums with more than 1,600,000 applications (8.9% of the loan balance); financing with official guarantees with 1,200,000 operations for 140,000 million (90% SMEs); advance payment of pensions and advance of unemployment benefits.