

The Netherlands

The Dutch economy slides into a recession, following soaring energy prices. The Dutch banking sector plays an important role in the economic functioning of the Netherlands and has it's a relatively large size when compared to the GDP. Its assets accounted for approx. 330% of GDP in 2022. In 2021, about 70,000 people are employed in the Dutch banking sector (based on NVB's members).

The larger Dutch banks are internationally active to serve the open and export-oriented Dutch economy. The five largest Dutch banks account for about 85% of the total assets of the sector. However, with the European banking union phased in step by step, the European market gradually becomes the relevant market. The ownership structure of the three major banks is diverse. The largest bank is publicly listed, the second largest is a cooperative institution and the third largest is partly state-owned. Capitalisation of Dutch banks has been above eurozone average for years. Cost reduction and digitalisation drive profitability. The market is dynamic, new entrants have entered, for example, the Dutch market for mortgages in the last years. Nowadays, roughly 50% of new mortgage loans is now issued by non-banks.

Card payments are increasing each year and preferred over cash payments. Since 2015, the total amount of card payments is larger than cash payments. This development is expected to continue in the future. Contactless payments by card are increasing. Amongst youth, payments between them are primarily initiated by mobile applications.

Banks play a vital role in the financing of Dutch companies, especially to SMEs. The total amount of outstanding loans has decreased in recent years, mainly as a consequence of lower demand for loans. In the corona crisis, banks played an important role in providing necessary liquidity to SMEs and larger companies, helped by government guarantees. The percentage of non-performing loans is low and the Netherlands ranks among the best in the EU among its peers. Flexible forms of finance such as leasing and factoring have become more popular in recent years, but in terms of volume compared to outstanding bank loans, the preference for using alternative forms of finance is limited. Companies increasingly combine different forms of finance.

The total amount of outstanding debt to non-financial companies in the Netherlands equals approximately €260 billion, of which almost 50% is lent to SMEs. About 10% of the outstanding amount are loans of less than €250,000 to mover 80% over the number of clients.

Dutch banks have committed to supporting and stimulating the transition to a sustainable economy. A group of banks and other financial institutions have developed a methodology to assess the carbon emissions related to the institutions' core activities: financing and investment. Some banks have set quantitative targets to decrease their climate impact. Dutch banks are also working on fine-tuning their services to green businesses, thus supporting the development of a green economy. They have contributed to the development of a toolkit for businesses, helping them to increase the ability to finance green business models.

The Dutch supervisor has stated the Dutch banking sector is in healthy shape and capable of continuing credit lines in case of a severe recession. The capital position of Dutch banks has continuously improved in recent years. Core Equity Tier 1 capital has almost tripled for the three largest banks since the financial crisis.

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