

The Netherlands

The Dutch banking sector has proven to be stable and resilient and offers a great deal of diversity in services and products. Banks connect social goals with the real economy. Dutch banks therefore want to play an active role as both commercial players and social partners. For the latter you can think of serious involvement of Dutch banks in financial education of children and financial wellbeing in general for example providing customers with advice on sustainable housing to prevent energy poverty.

The sector is relatively large in size, almost 3 times the size of the Dutch economy (GDP), totaling €2,700 billion in assets. It's also concentrated with the six largest Dutch banks accounting for about 85% of total assets of the sector. It's employing 118,000 people worldwide of which 67,883 in the Netherlands itself. The ownership structure of the three major banks is diverse. The largest bank is publicly listed, the second largest has a cooperative structure and the third largest is partly state-owned.

After the early 2023 banking turmoil in the US and Switzerland, the Dutch Central Bank restated Dutch banks are well capitalized, have sufficient liquidity, and are profitable. The average Core Equity Tier 1 capital was slightly above the European average mid-2023.

In the Netherlands about three million households have a mortgage at a bank with a total value of €566 billion euro's which is 69% of total mortgages in the Netherlands. In European perspective, the Dutch housing market is unique because of its relatively high LTV's. These relatively high private debts are offset by large savings totalling around €600 billion and pension fund assets totalling roughly € 1,800 billion.

Consumers in the Netherlands have access to efficient and innovative payment systems with banks offering payment packages at relatively low cost which are on average 30% lower than the European average. Cash payments are still going down, and are only 20% of total payments in the Netherlands. Furthermore, Dutch Parliament agreed to introduce a € 3,000,- cash payments limit to reduce the risk of money laundering.

Banks play a vital role in the financing of Dutch companies, certainly to SME's. Banks are working together with public and private sector stakeholders to further enhance business environment in the Netherlands, for example in the elaboration of the national SME Financing Agreement and the development of a SME Financing Hub. Furthermore, banks agreed on a base level of how to treat small entrepreneurs during all steps of the financing process in a special Code of Conduct 'Small business finance'. Total lending to businesses adds up to €298 billion with Dutch banks being the largest financier of SMEs, with the three largest banks providing a total of €119 billion in financing to SMEs).

Dutch banks are very committed to supporting and stimulating the transition to a sustainable economy. The Dutch financial sector has therefore set an international example with the 2019 Climate Commitment, in which banks pledged to reduce emissions from their financing and investments. All financial institutions have since then published an action plan. 69% of the financial institutions that are part of the Climate Commitment indicated that they are 'on track' with regard to their CO2 reduction targets. The introduction of the Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) should

provide coherent, standardized disclosures by non-financial corporations as a crucial prerequisite for properly mapping the sustainability profile of banks' portfolios. To help customers with this reporting the Dutch Banking Association together with 8 banks started the 'ESG-data project'. By setting uniform definitions and calculation methods corporate clients should be able to report efficiently on sustainability leading also leading to comparability and transparency between banks.

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