

Back Office, Operational Services Area

Spanish financial system Consolidation 2009/2020

ECB OMG Meeting
8 December 2021



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3 Consequences

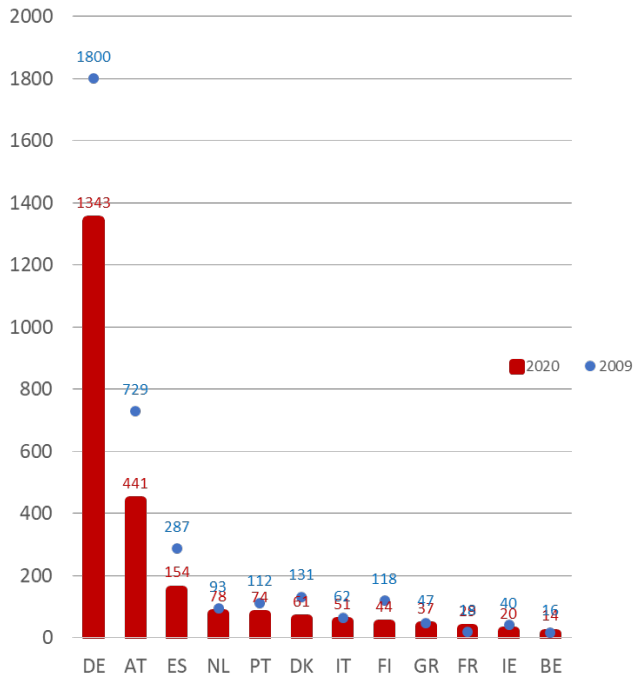


European consolidation

European consolidation

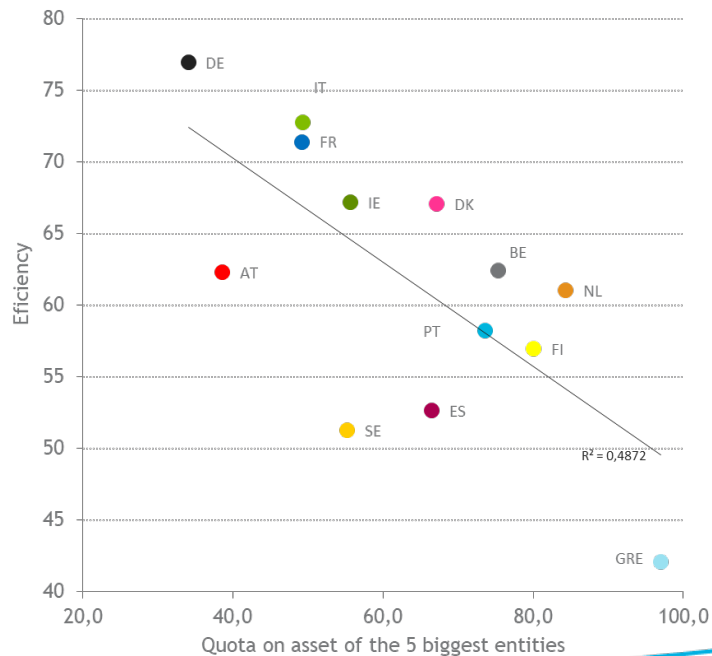
Evolution in EU

Number of Credit Institutions



Source ECB

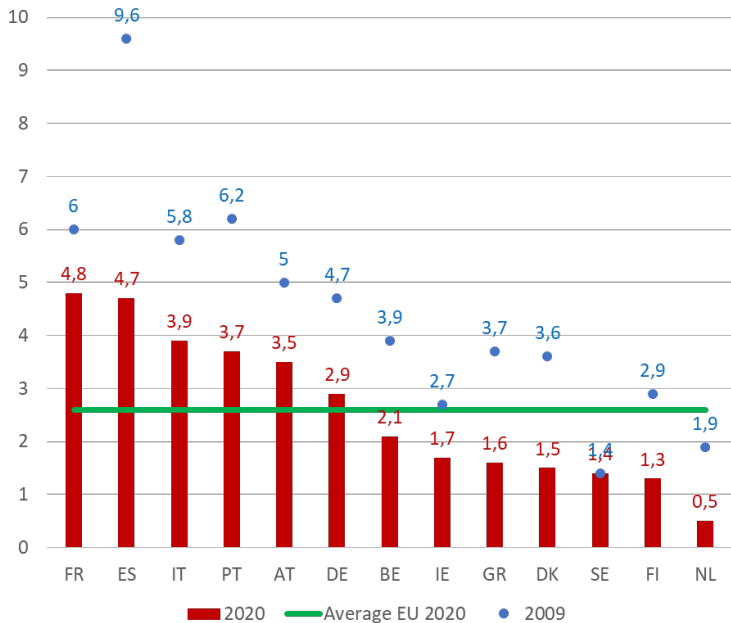
Efficiency and concentration 2020



European consolidation

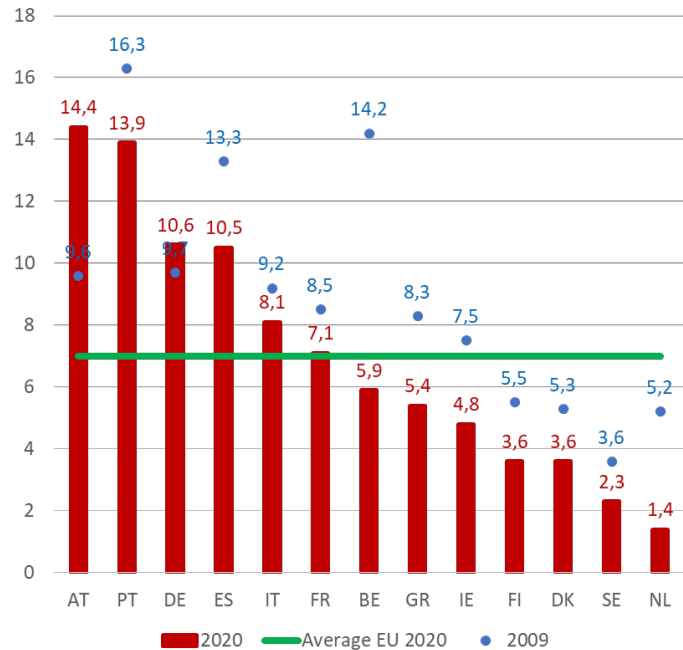
Evolution in EU

Branches by 10.000 people



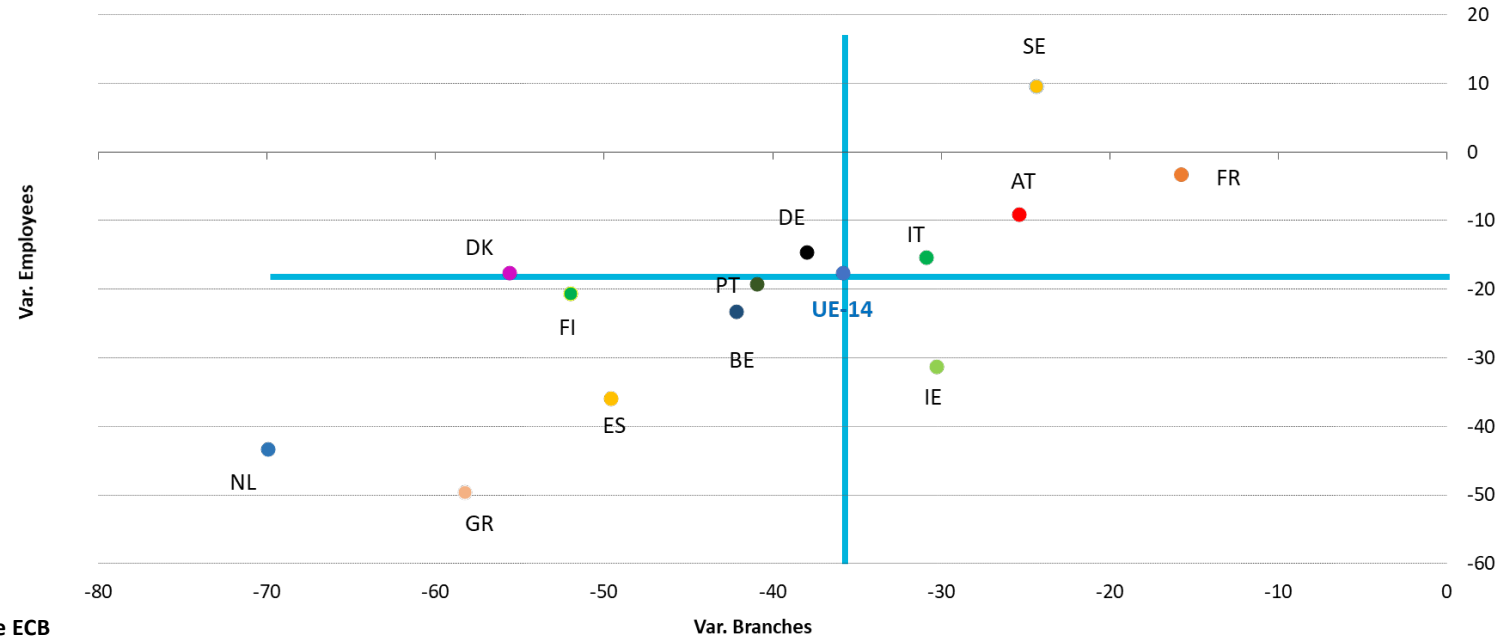
Source ECB

ATM by 10.000 people



European consolidation

Evolution of employees and branches EU

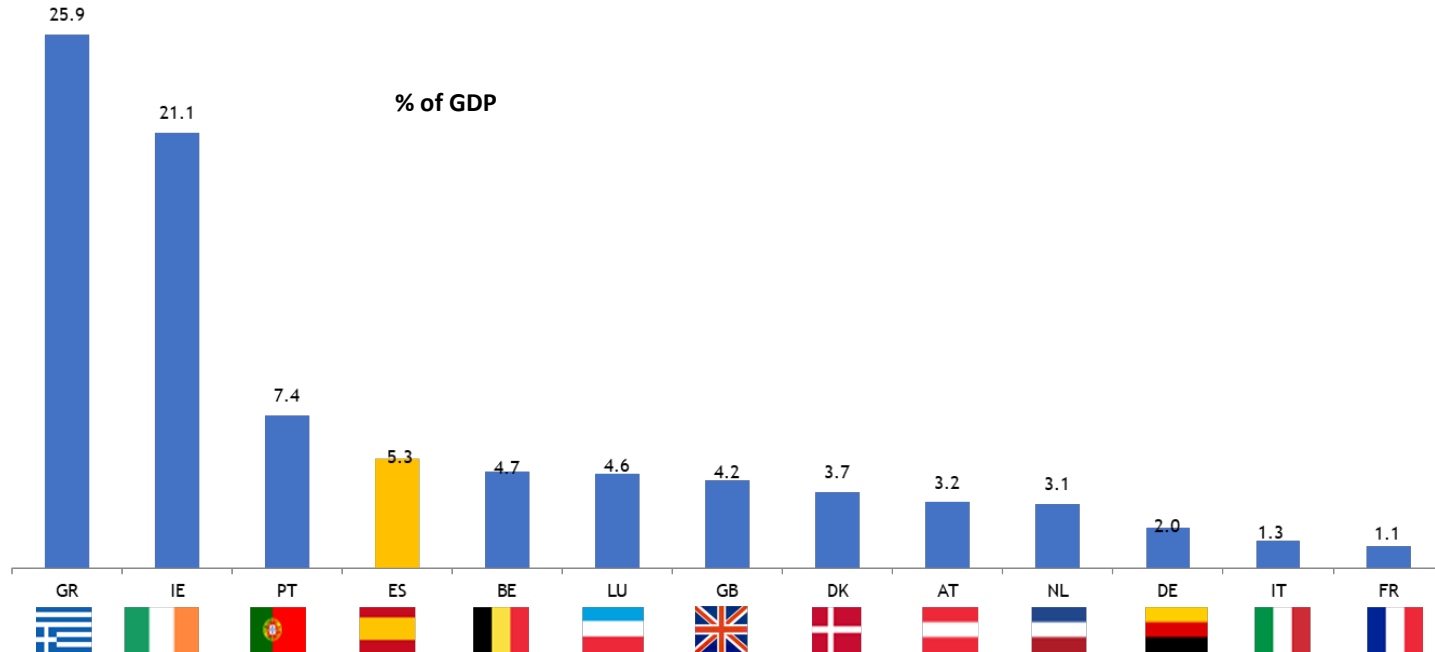


Source ECB

European consolidation

State aid for bank recapitalisation in the EU

Source: state aid scoreboard, 2018

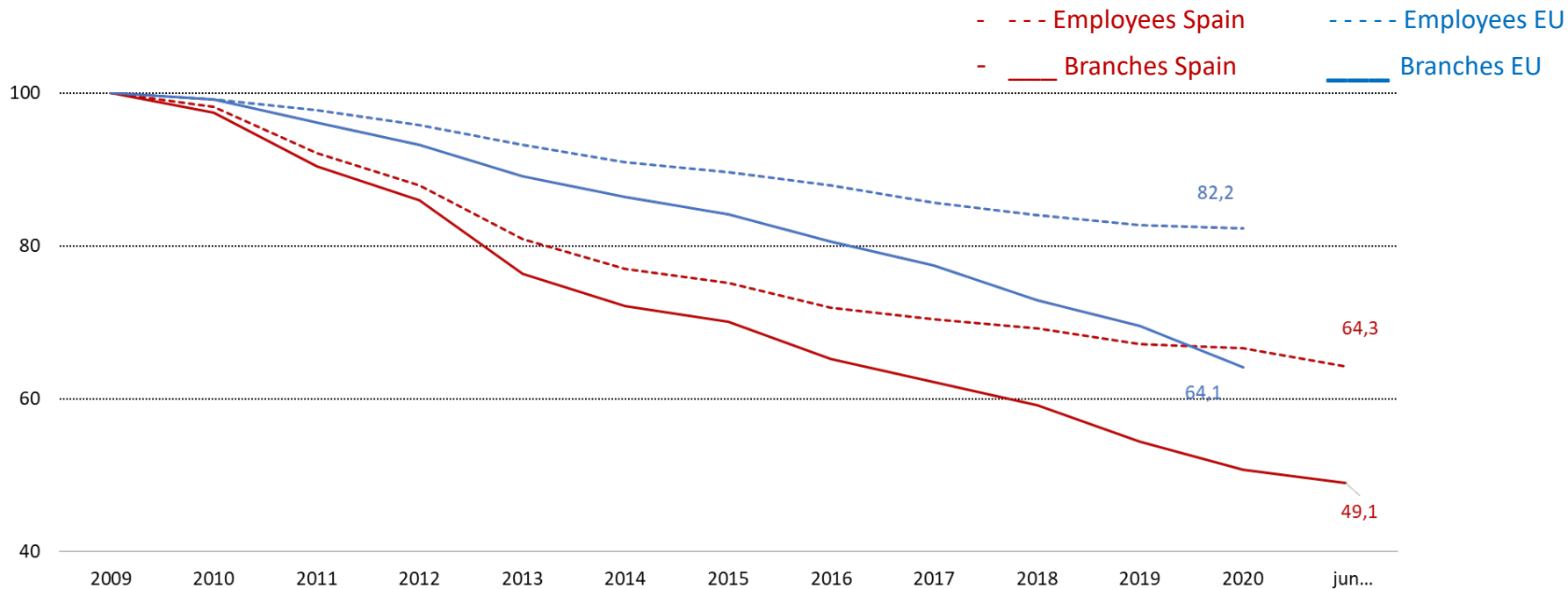




Consolidation in Spain

Consolidation in Spain

Branches and employees Spain vs EU base 100



Source ECB

Consolidation in Spain

Main features of the Savings Banks model

Features



Presence of public institutions in savings banks' governing and control bodies



Retail business model (mostly, small sized institutions) focused in local markets (mainly, mortgages)

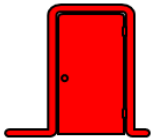


Competence distribution (autonomous regions government)



Hybrid legal structure (foundation + company)

Problems



Conflict of interest in risk assessment



Excess of capacity / lack of diversification (geography and product)



Multiple regulation and supervision: Ministry of Economy, Bank of Spain and autonomous regions



Difficulties for capital raising



Consolidation in Spain

Consolidation of SSB

Savings banks consolidation process

Branches

9 689

44% of SFS

Employees

67 519

39% of SFS

Retail Deposits

489 712 Mill. €

38% of SFS

Retail Credits

432 324 Mill. €

37% of SFS

Total Assets

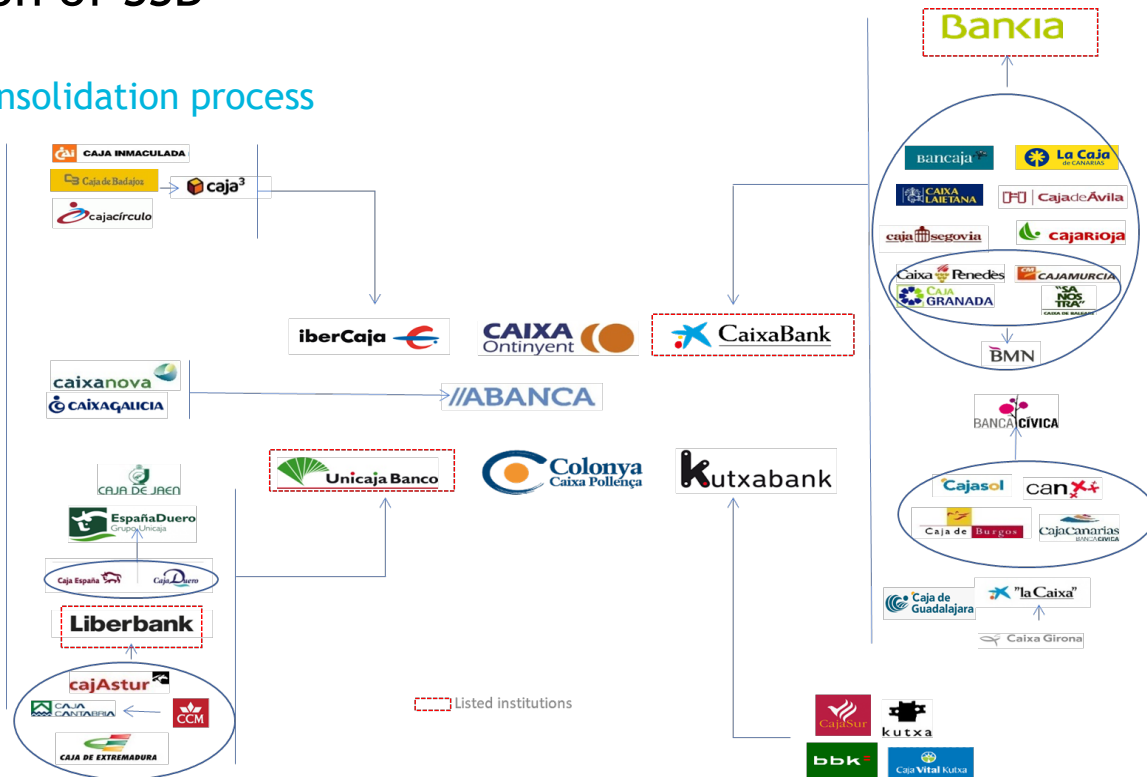
894 726 Mill. €

32% of SFS

Average entities size

97,382 Mill. €

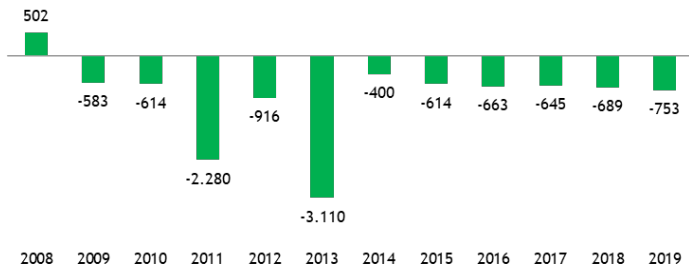
Data as of June 2021



Consolidation in Spain

Capacity adjustment

Branches - Annual variation



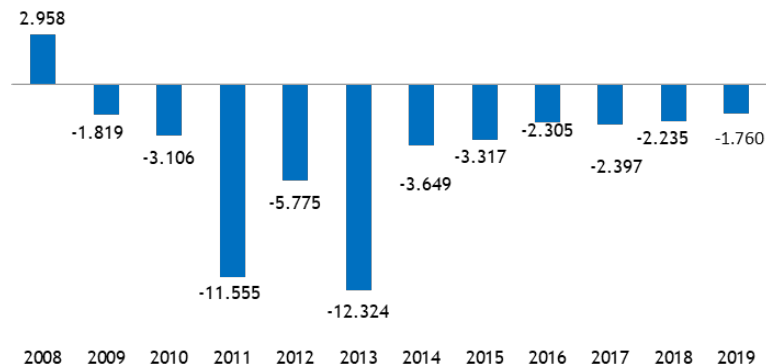
Financial System (*)

CECA Sector

Variation since 2008 **-45.3%** **-51%**
-11.244

(*) The latest financial system data refers to September 2019

Employees - Annual variation



Financial System (*)

CECA Sector

-34.5% **-42.6%**
-50.804

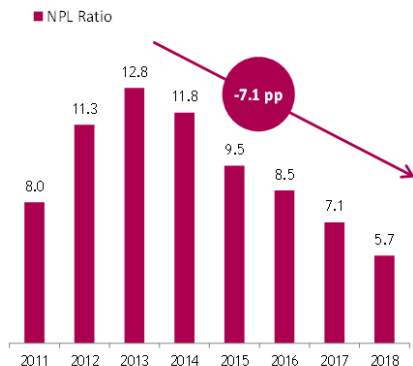


Consequences

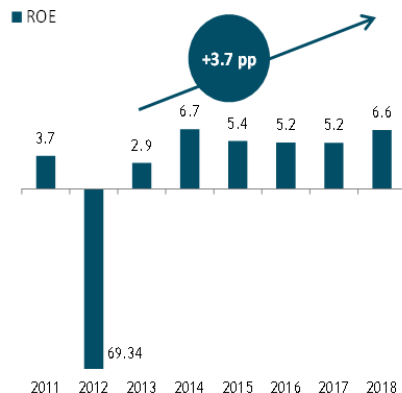
Consequences

Consequences of the restructuring process

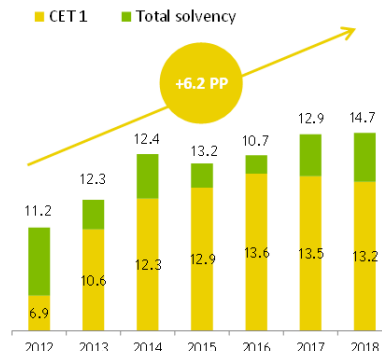
Cleaning-up of balance sheets



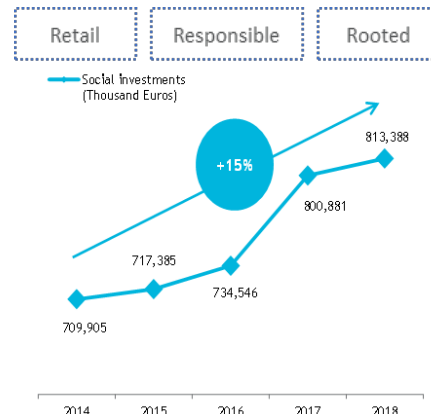
Profitability improvement



Enhanced solvency



Presentation of business model: 3Rs



Listed companies represented over 80% of the CECA sector total assets as of December 2018

Consequences of the restructuring process

- Politicians, Trade unions and profesional associations can not take part in the governing bodies.
- In 2009 there were 45 saving banks with an average assets of 29,4 billions, in 2021 there are six Bank groups and two saving Banks with an average size in assets of 103 billions.
- Outsourcing of low added value activities.
- Outsourcing of businesses that require a large scale to be profitable.
- Decrease of headcount in Central services.

Central services employees evolution		
	2009	2020
Employees	25145	10194
% of working force	19	15



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