

Back Office, Operational Services Area

# Spanish financial system Consolidation 2009/2020

ECB OMG Meeting  
8 December 2021

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**1** European consolidation

**2** Consolidation in Spain

**3** Consequences

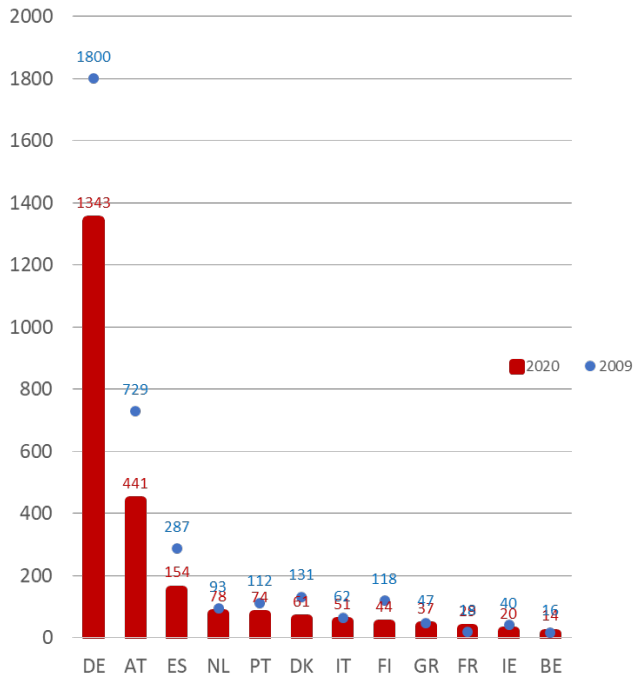


# European consolidation

European consolidation

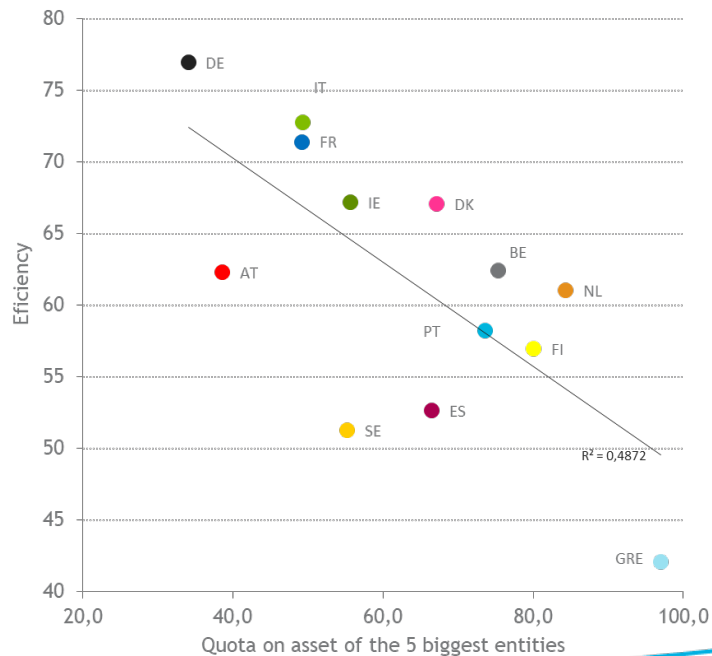
# Evolution in EU

## Number of Credit Institutions



Source ECB

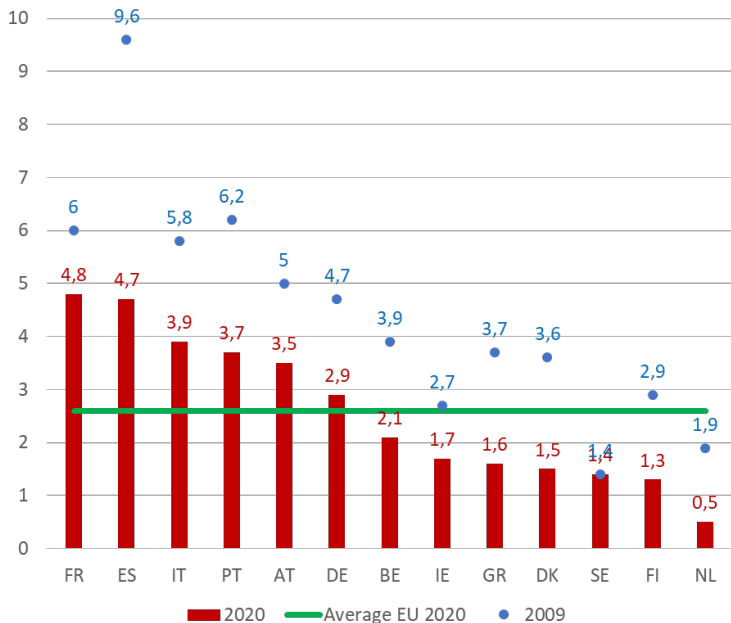
## Efficiency and concentration 2020



European consolidation

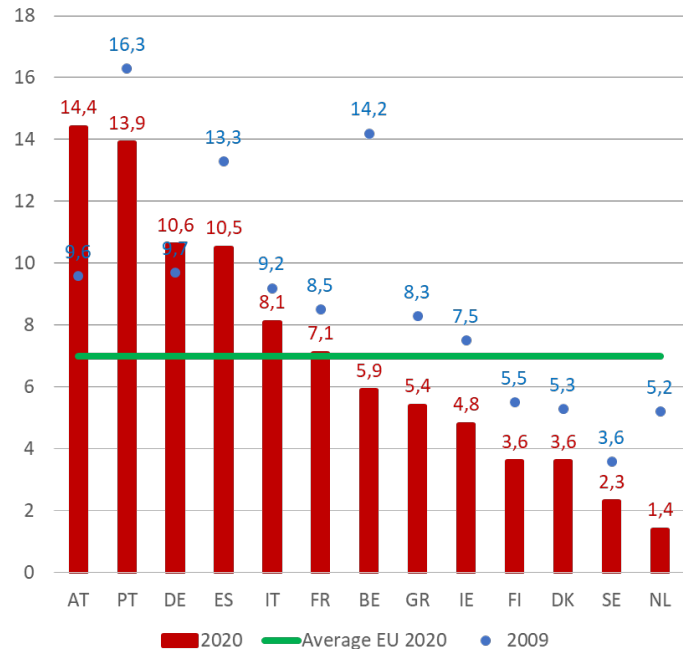
# Evolution in EU

## Branches by 10.000 people



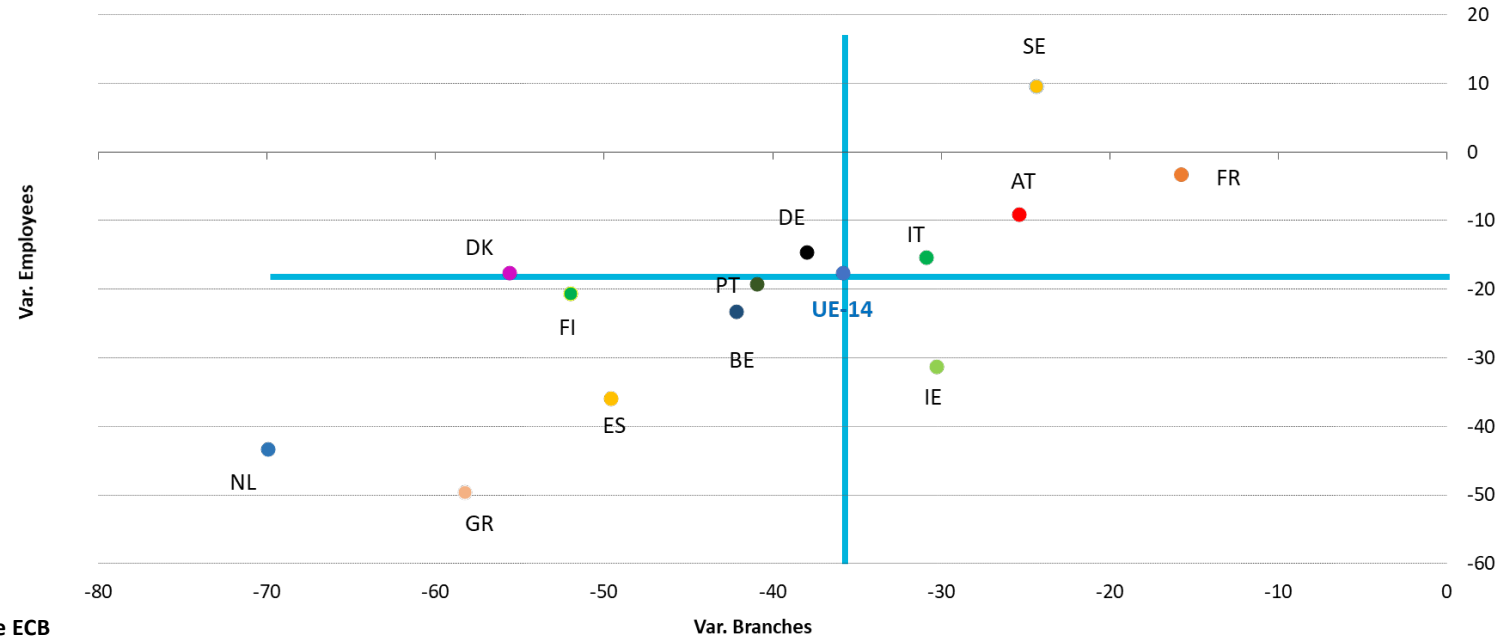
Source ECB

## ATM by 10.000 people



European consolidation

# Evolution of employees and branches EU

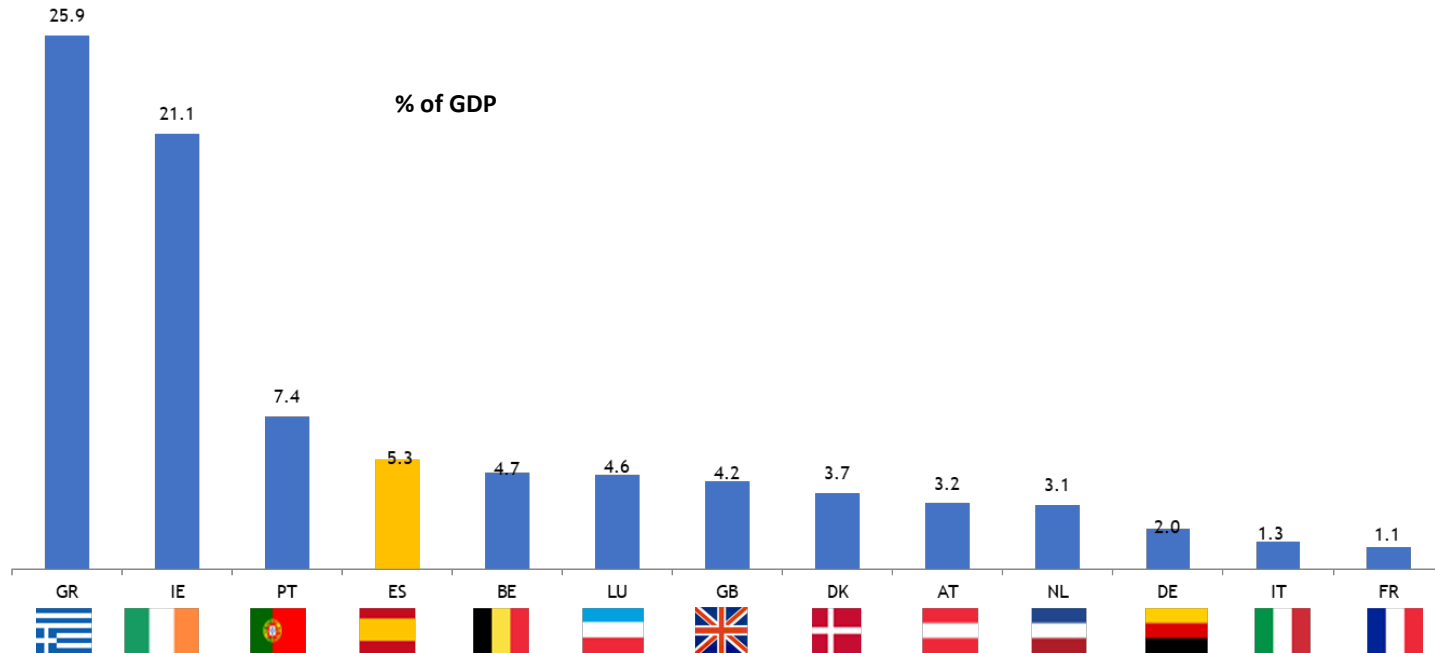


Source ECB

European consolidation

# State aid for bank recapitalisation in the EU

Source: state aid scoreboard, 2018



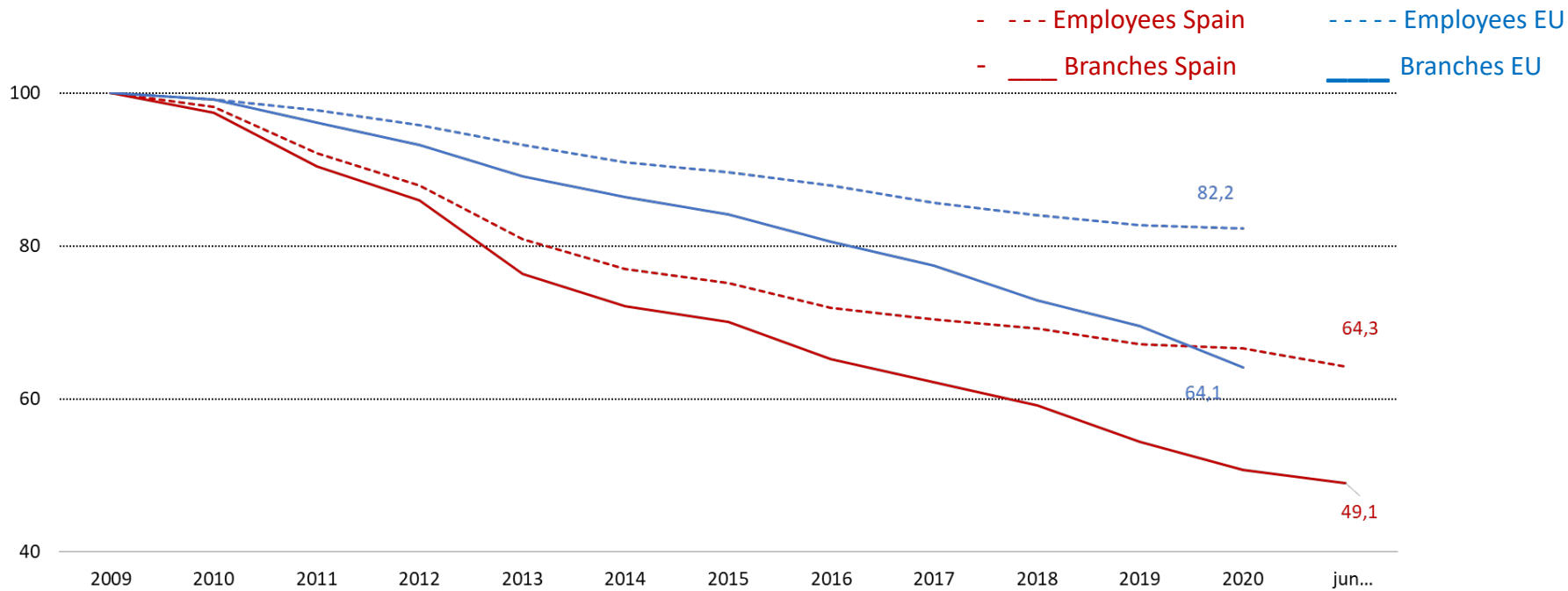


# Consolidation in Spain



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)

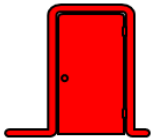


Competence distribution (autonomous regions government)



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

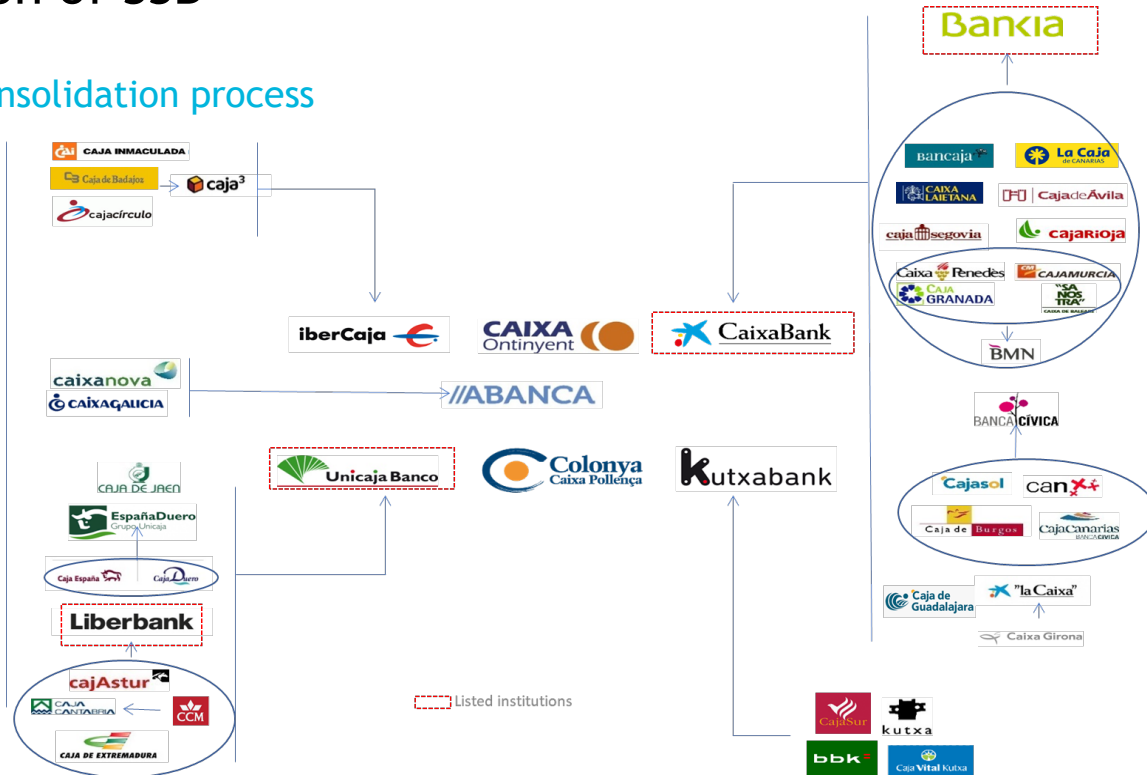
894 726 Mill. €

32% of SFS

Average entities size

97,382 Mill. €

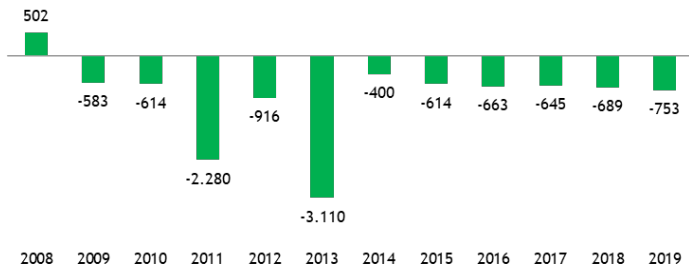
Data as of June 2021



Consolidation in Spain

# Capacity adjustment

## Branches - Annual variation



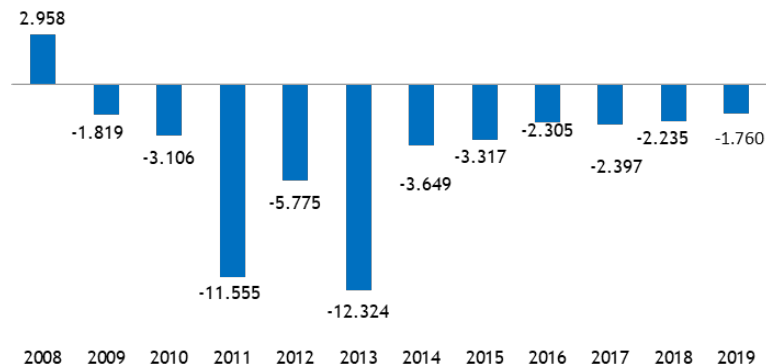
Financial System (\*)

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**

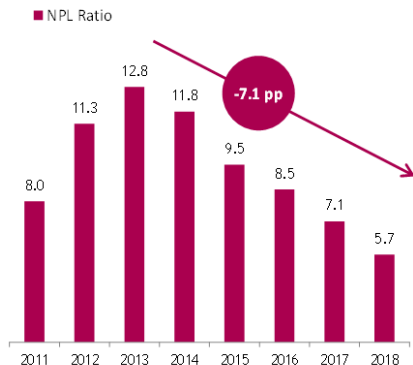


# Consequences

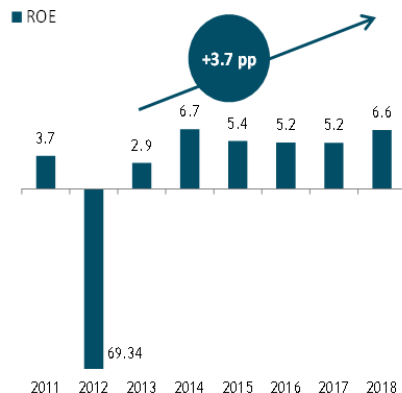
Consequences

# Consequences of the restructuring process

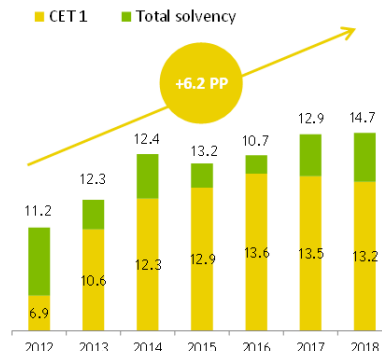
## Cleaning-up of balance sheets



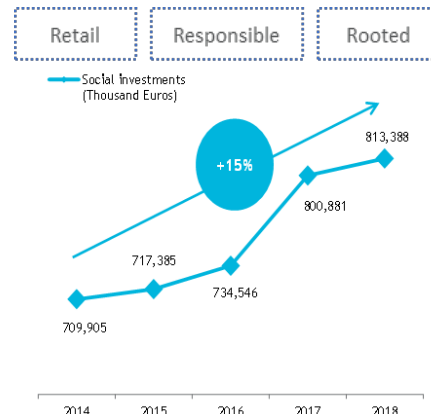
## Profitability improvement



## 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
<b>% of working force</b>	19	15



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