

PRESS RELEASE

Banking in Europe: EBF publishes 2018 Facts & Figures

- **European banks consolidate to boost efficiency and enhance profitability**
- **Total number of credit institutions in the EU down by 31% since 2008**
- **Non-performing loans are no longer a specific European problem**

BRUSSELS, 11 September 2018 – The European Banking Federation today has published *Banking in Europe; the 2018 Facts & Figures*, its annual update on the banking sector in Europe. The publication shows that the contraction in the European banking sector, both as measured in terms of staff numbers and branches, continued in 2017 as the industry continued to improve efficiency while enhancing its profitability.

The special theme section in this year's edition of *Banking in Europe* is dedicated to non-performing loans (NPLs). EU NPL stocks declined considerably in recent years due to enhanced loan selling activities of banks. In fact, as of 2017, the ratio for the EU stood at 3.7 percent, down from an EU-wide peak of 7.5 percent in 2012 and just below the world average of 3.74%, showing that NPLs are no longer a specific European problem.

A close look to the composition of total NPLs in the EU shows that only a fraction is problematic. The total amount of cumulative NPLs was reduced by some 25% during 2016 and 2017 to around €800 billion. The real problem to tackle is a portion between €150 billion and €200 billion, representing no more than a quarter of the total.

"European banks are clearly making significant progress on NPLs. Although there is still room for improvement, it should also be clear that the problem no longer is as big as it used to be," said Gonzalo Gasos, Head of Banking Supervision at the EBF. "The question we now face is whether we really need additional European regulation that forces banks to undersell NPLs and that would leave bank clients worse off."

Banks continue to scale back brand networks

The *Banking in Europe* overview shows that banks continue to scale back their physical presence across Europe as having a widespread branch network become less important. Clients increasingly interact with banks through digital channels instead of branches.

The total number of credit institutions in the European Union fell by 5% in 2017 to 6.250 institutions, down by 2.275 since the contraction began in 2009. Last year's decline was led by Germany, Italy, Hungary and Austria. The number of credit institutions increased in the United Kingdom and Sweden last year.

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The number of bank branches in the EU last year declined to approximately 183,000, showing that about 5,900 branches were closed last year, down 3.1 percent. Compared to 2007 the total number of bank branches has declined 21%, or by almost 50,000, reflecting the rapid uptake of online and mobile banking services in recent years. In 2017 more than half of all people in the EU, 51 percent, used Internet banking, compared to 29 percent in 2008.

The number of people working for credit institutions in the EU fell to the lowest level since the ECB started measuring this in 1997 and stood at approximately 2.74 million people at the end of 2017, compared to 2.78 million a year earlier. This compares to 3.13 million in 2009. About two-thirds of all bank staff in the EU is employed by a bank headquartered in one of the five largest EU member states.

The total deposits from businesses and households grew by 2.5 percent to €16.3 trillion, with €12.1 trillion in deposits in the euro area. Deposits from households rose 2.9 percent compared to a year earlier while business deposits increased 6.7 percent.

The value of loans to EU households recovered last year and increased 2.5 percent to €7.8 trillion, led higher by loans to households in the euro area, which grew for a third consecutive year. The value of loans to households in the eurozone has risen by some €500 billion since 2014.

Banking in Europe; the 2018 EBF Facts & Figures is a multi-faceted digital resource with key data about banking in Europe. It also includes data on the European economy, the performance and structure of the banking sector and the digital transformation of banks. The data is based on publicly available information from the European Central Bank, the European Commission, Eurostat, the European Banking Authority and the EBF and its the members.

In addition to the public data, *Banking in Europe 2018* includes comprehensive national bank sector data provided through all 32 national banking associations that are members of the EBF. For a first time, this year's edition also includes descriptions of national banking sectors by a number of EBF Associate members, including Albania, Andorra, Armenia, Azerbaijan, Bosnia and Herzegovina, The Former Yugoslav Republic of Macedonia, Monaco, Moldova, Montenegro, Serbia and Turkey.

Media notice – interview opportunity:

Gonzalo Gasos, Head of Banking Supervision, is available to answer press questions on Tuesday 11 September. Set up an appointment via Raymond Frenken, Head of Communications, European Banking Federation. +32 2 508 3748, r.frenken@ebf.eu

About the European Banking Federation:

The European Banking Federation is the voice of the European banking sector. The federation brings together 32 national banking associations in Europe that collectively represent a wide range of banks – large and small, wholesale and retail, local and international. Launched in 1960, the EBF is committed to creating a single market for financial services in the European Union and to supporting policies that foster economic growth. www.ebf.eu