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Briefing note on the “Report on the financial and banking crisis in Spain, 2008-2014” published by the Banco de España

The Banco de España has published on its website the “[Report on the financial and banking crisis in Spain, 2008-2014](#)”. The Report has been coordinated by the Bank’s council member Fernando Eguidazu and drafted with the participation of the Bank’s Directorates General of Banking Supervision, Economics, Statistics and Research, and Financial Stability, Regulation and Resolution, and its General Secretariat.

The Report takes a descriptive approach, offering an analysis of the set of regulatory, supervisory and intervention measures adopted in the period 2008-2014 in response to the financial crisis with the aim of providing broad references to readers and analysts. The Report thereby complements the information that the Bank has been publishing since 2011 in a specific section of its website entitled [The restructuring of the banking sector in Spain](#), which draws together the information on the restructuring process published both by the Bank and by other national and international institutions.

The Report comprises five chapters and two annexes. The first four chapters are ordered chronologically, identifying four stages: the years of economic expansion (2000-2007), the onset of the crisis (2008-2011), the worsening of the crisis (2012-2013) and the economic and financial normalisation (2014). The Report concludes in 2014, with the start-up of the Banking Union and the subsequent transfer of a substantial portion of the supervisory competencies of the Banco de España to the Single Supervisory Mechanism. The fifth chapter takes stock of the ongoing restructuring of the Spanish banking system. Annex 1 addresses the Banco de España’s cooperation with the courts in relation to the banking crisis, and Annex 2 lists the main documents published by the Banco de España regarding the crisis.

Analysis is conducted throughout the report of the deep-seated changes that the different facets of the financial system have undergone, internationally, in Europe and at home, including most notably: the development of a new financial regulation framework, which has been coordinated internationally –centred on three main fronts: microprudential, a differentiated framework for systemically important financial institutions and the development of a new macroprudential regulatory framework–; the reform of the European institutional architecture, with the introduction of the European Stability Mechanism (ESM), the European System of Financial Supervisors (ESFS) and the Banking Union in the euro area, inter alia; and the development of new bail-out and resolution arrangements for credit institutions.

On the domestic front, Spain has progressively incorporated all these reforms into its national legal system while it has developed a framework for meeting the specific needs of the Spanish financial system. The Report reviews the strategy adopted to face the crisis at each point in time, and the final chapter makes an assessment of the restructuring pursued in the banking sector, which includes considerable adjustments to capacity, a major drive to clean up credit portfolios (with up to €298.5 billion of provisions at end-2015) and a substantial improvement in banks' solvency.

As regards public aid, various chapters in the Report detail the aid injected into the financial system during the crisis. At the close of 2015, estimated total net resources assigned to supporting the Spanish financial system amounted to €60,613 million (5.6% of GDP), of which €39,542 million related to public funds provided by the FROB (Fund for the Orderly Restructuring of the Banking Sector) and €21,071 million to private funds provided by the FGDEC (Deposit Guarantee Fund for Credit Institutions). These figures will vary depending on the recovery value of the assets currently held by the FROB and the FGDEC.