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PRESS RELEASE

ECB REPORT DETAILS STRUCTURAL CHANGES IN THE EURO AREA BANKING SECTOR

The European Central Bank (ECB) is today releasing the Banking Structures Report, which analyses the main structural developments in the euro area banking sector: the capacity, consolidation and concentration of banks and related changes over time. The report covers the period from 2008 to 2012 and includes indicators for the first half of 2013.

The report documents banking sector activity from a structural perspective, on the basis of aggregated euro area data. It reviews changes in balance sheets, the composition of specific assets and liabilities in the years following the onset of the financial crisis, and looks into aggregate financial performance, cost structure, funding, capital and leverage.

By the end of 2012, the report shows, banking sector assets in the euro area (on a consolidated basis, excluding very small entities) had dropped by almost 12% compared with 2008, to €29.5 trillion, with the major part of the adjustment taking place in 2009, as the crisis unfolded. This was accompanied by a decrease of 10% in the number of credit institutions, from 2,909 to 2,645. The share of loans in total assets fell in the majority of countries, especially in 2011 and 2012. Financial performance has remained subdued since the onset of the financial crisis.

The Banking Structures Report uses a number of different publicly available data sources, aggregated by the ECB with input from national authorities. Individual bank-level data come from banks' published accounts or market data providers. The main statistical basis of the report has been published by the ECB since 2002 and has covered the European Union. The report will from now on focus on the euro area and will be published annually.

“This report is an important step towards understanding the changes in the euro area banking sector at an aggregate level,” said Vítor Constâncio, Vice-President of the ECB. “It provides an important base for the work we are doing in preparation for becoming the euro area’s single supervisor.”

A special feature article entitled “Structural characteristics of the euro area and US banking sectors: key distinguishing features” is included in the report. It draws attention to differences in the structure, role and activities of banks on the two sides of the Atlantic, which help to explain disparities in banks' income sources, financial performance and capitalisation.

Some statistical highlights from the Banking Structures Report (consolidated banking data, excluding very small entities):

- At the end of 2012, Germany and France remained the largest banking sectors in the euro area, with total asset values of €7.6 trillion and €6.8 trillion, respectively.
- At the end of 2012, the euro area had 171,477 bank branches, a decline of over 16,200 units (8.7%).
- On average, the euro area had 158 inhabitants per bank worker in 2012, up from 145 in 2008. There remain large differences between countries in terms of the size of the banking sector in relation to the size of the economy.
- In aggregate, the median Tier 1 capital ratio in the euro area increased from 8% in 2008 to 12.7% in 2012.

The report is available on the ECB's website (www.ecb.europa.eu).

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