

## 1 STRUCTURE AND EVOLUTION OF CREDIT INSTITUTIONS UNDER BANCO DE ESPAÑA SUPERVISION



## 1 Structure and evolution of credit institutions under Banco de España supervision<sup>1</sup>

### 1.1 Types of credit institution

The institutional landscape of registered credit institutions subject to supervision by the Banco de España did not change substantially in 2009 except for a decrease in the number of specialised credit institutions (SCIs), mostly through absorption by their parent banks. Thus at the end of 2009 there were 353 registered credit institutions (CIs). The net decrease of eight institutions (see Table 1.1) in the year was made up of two banks and six specialised credit institutions (SCIs), while savings banks, credit cooperatives and electronic money institutions showed no change.

The number of Spanish banks decreased by one, the changes being as follows: registration of a new institution along with transfer of assets and liabilities to it from a foreign branch which was deregistered; and two mergers of subsidiary banks into their respective parents, Banco de Crédito Local being absorbed by BBVA and Banco de Andalucía by Banco Popular.

There was no net change in bank branches of foreign credit institutions. The upward trend in the number of institutions of this type in recent years was broken, the zero net change being the result of five new institutions and five defunctions.<sup>2</sup>

The number of subsidiary banks of foreign credit institutions decreased by one due to the merger of Deutsche Bank Credit into Deutsche Bank.

The other changes took place in the SCI category, where there were a total of six defunctions, four as a result of absorption by the parent bank and the other two of scant size (la Cartuja and CXG Credit). The absorptions were as follows: Edamleasing and Multiahorro by Bankpyme, BBVA Factoring by BBVA and Banesto Factoring by Banesto.

The market shares of credit institutions in the total balance sheet of business in Spain (see Chart 1.1.A) showed the following changes: savings banks gained 1.4 percentage points (pp) and credit cooperatives 0.2 pp at the expense of the other categories of institutions. In relative terms, the highest loss of market share was by SCIs (–0.6 pp), while Spanish banks and foreign branches each lost 0.5 pp. Turning to total business, the most significant changes in market share measured in terms of the total balance sheet plus managed assets (see Chart 1.1.B) were concentrated in savings banks, which gained 1.0 pp and in SCIs and foreign branches, which lost 0.6 and 0.5 pp, respectively.

### 1.2 Operating resources

There were 345 CIs active in 2009,<sup>3</sup> 10 fewer than in 2008, and the number of operational offices decreased by 3.5% to 44,532 at the end of the year. The change of trend in the size of branch networks detected in mid-2008 was confirmed in the reporting year in all categories of institutions, and a significant decrease in size commenced. Banks and savings banks

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1. This chapter should be read in conjunction with Annex 2 “Activity, results and solvency of credit institutions” at the end of this Report and with Annex 3 “Financial and statistical information on credit institutions”. 2. There were five new institutions, all from the European Union (Sofinloc Instituicao Financeira de Crédito, Credit Suisse International, BNP Paribas Factor, BMW Bank and KBL European Private Bankers); and five defunctions, also of European Union institutions. Of the defunctions, one was due to merger by absorption (Dresdner Bank A.G. by Commerzbank), three were deregistrations (Landsbanki Island, Kaupthing Bank and Caisse Regionale de Credit Agricole) and one resulted from a transfer of assets and liabilities (from Boursorama to a Spanish bank). 3. Of the total institutions registered, only those effectively carrying on operations at the end of 2009 are considered here; that is to say, those institutions which are registered but inactive are excluded.

## REGISTERED CREDIT INSTITUTIONS, CONSOLIDATED GROUPS AND MIXED GROUPS

TABLE 1.1

Year-end data (number)

	2006	2007	2008	2009
<b>CREDIT INSTITUTIONS REGISTERED IN SPAIN (a)</b>	<b>355</b>	<b>358</b>	<b>361</b>	<b>353</b>
<b>Deposit institutions</b>	<b>276</b>	<b>282</b>	<b>285</b>	<b>283</b>
<b>Banks</b>	<b>144</b>	<b>151</b>	<b>156</b>	<b>154</b>
Domestic	54	53	49	48
Foreign	90	98	107	106
Branches	71	80	89	89
Subsidiaries	19	18	18	17
<b>Savings banks</b>	<b>47</b>	<b>46</b>	<b>46</b>	<b>46</b>
<b>Cooperatives</b>	<b>85</b>	<b>85</b>	<b>83</b>	<b>83</b>
<b>Specialised credit institutions</b>	<b>79</b>	<b>76</b>	<b>75</b>	<b>69</b>
<b>Electronic money institutions</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
MEMORANDUM ITEMS:				
<b>Mergers and acquisitions (b)</b>	<b>2</b>	<b>7</b>	<b>4</b>	<b>8</b>
Between banks	1	3	2 (7)	4
Between saving banks	—	1	—	—
Between credit co-operatives	—	1	—	—
Between SCIs	—	—	1	—
SCIs acquired by merged with deposit institutions	1	2(4)	1	4(7)
<b>CONSOLIDATED GROUPS EXISTING AT YEAR-END (c)</b>	<b>100</b>	<b>102</b>	<b>100</b>	<b>99</b>
Parent credit institution	87	89	88	88
Spanish banks and ICO	14	15	17	17
Savings banks	47	46	46	46
Cooperatives	16	18	15	14
Specialised credit institutions	—	1	1	1
Foreign CIs	10	9	9	10
Other consolidated groups	13	13	12	11
Spanish parent	6	6	6	5
Foreign parent	7	7	6	6
<b>MIXED GROUPS AND FINANCIAL CONGLOMERATES</b>	<b>42</b>	<b>43</b>	<b>45</b>	<b>44</b>
Supervised by Banco de España	40	41	43	43
Supervised by DGS including CIs	2	2	2	1
MEMORANDUM ITEM:				
Bank offices abroad	8,664	9,493	10,661	11,159

SOURCE: Banco de España. Data available at 13 April 2010.

- a. The number of registered CIs includes ICO in the domestic banks category. However, in the rest of the tables of this Report, both ICO and the only electronic money institution are excluded, unless stated otherwise.
- b. The figures in brackets are the number of institutions involved when the mergers/absorptions are between more than two CIs, i.e. when the number of CIs involved is not twice the number of operations.
- c. For the sole purpose of this table, a consolidated group (CG) is defined as a group which includes, in addition to the parent (or failing this the reporting institution), one or more fully or proportionally consolidated financial institutions; accordingly, individual CIs not forming part of Spanish consolidated groups are excluded. The CG classification is based on the nature and nationality of the parent (ultimate holder).

closed 736 (–4.7%) and 783 (–3.1%) branches, respectively. The smallest decrease was in credit cooperatives, where the closure of 54 offices represented a decrease of 1.1% in the size of their network in Spain. In banks, the largest decrease was in Spanish banks (4.9%), with the closure of 692 branches. To this should be added the shrinkage in the SCI network, which at 59 offices or –14.1% was the largest in relative terms, given the processes of absorption mentioned above.

The density of the office network decreased to 11.6 per 10,000 inhabitants over 16 years of age from the highs in 2007 and 2008 of 12 offices per 10,000 inhabitants over 16 years of age, putting a halt to the constant increase seen in previous years.

The number of bank offices abroad of consolidated groups increased by 4.7% to 11,159 offices.

Simultaneously with the shrinkage of the domestic networks of Spanish CIs, there was a decline of 3.1% in serving employees to 269,168 at the end of the year. The total number of hours worked was unchanged, although they increased at savings banks (4.1%) and decreased at banks (3.1%). The decrease in serving employees was slightly sharper among those assigned to the office network (3.3%). These staff account for 73.3% of the total.

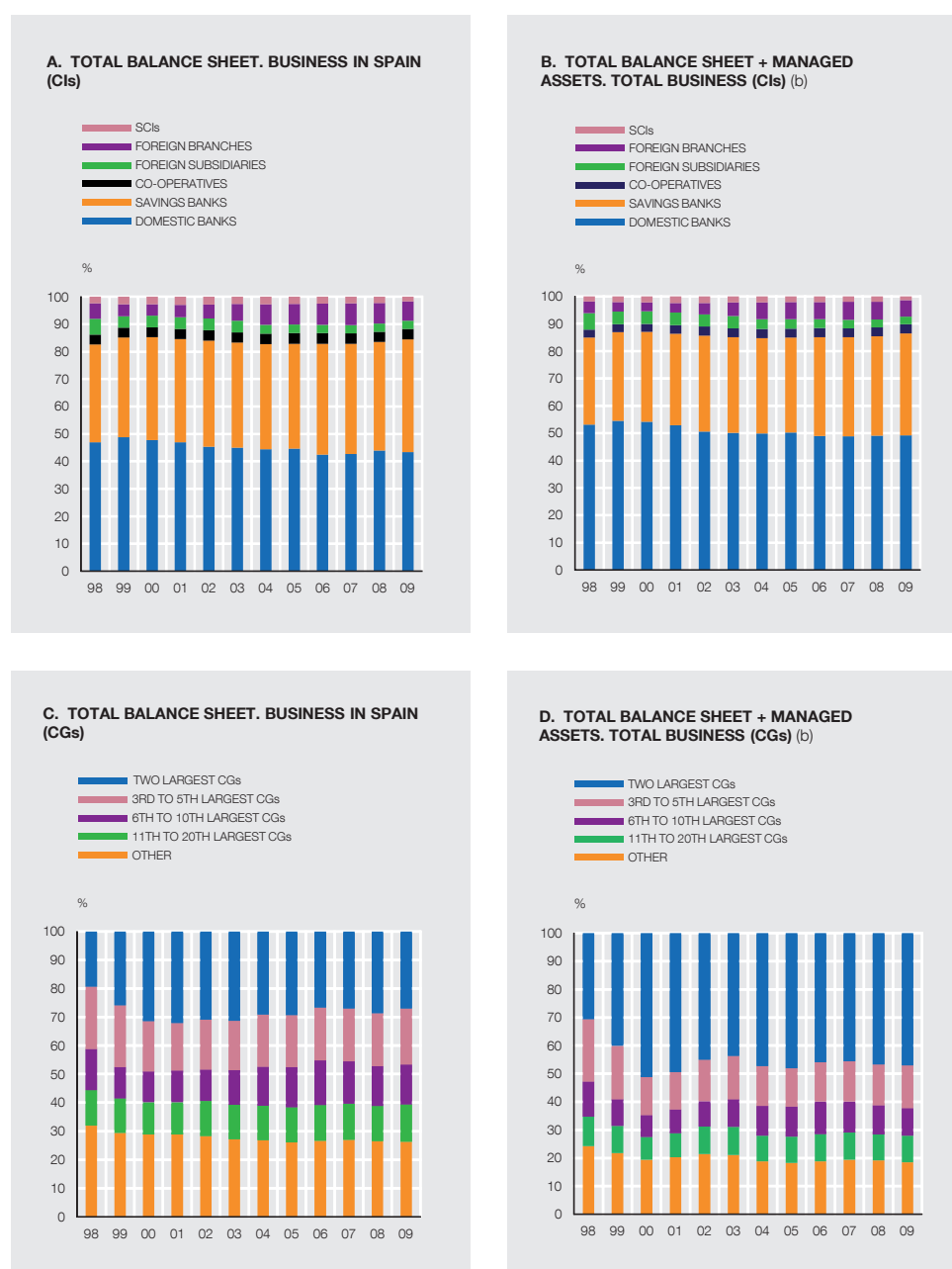
In percentage terms the sharpest staff cuts were in SCIs, with a decrease of 15% in total staff and of 17% in their branch staff. Banks shed a total of 5,133 jobs, with a decrease of 5% in branch offices and 3% in central services. Savings banks started their staff reductions in 2009, with a total decrease of 2,173 in serving employees (–1.6%) and a decrease of 2% in the branch network. Unlike commercial banks, savings banks effected a relative decrease in the number of offices (3%) which was somewhat more than one percentage point higher than the fall in the number of employees assigned to them. Finally, serving employees of credit cooperatives fell by 0.9%.

As a result of the aforementioned changes in the size of the office network and of the staff assigned to it, the ratio of employees per operational office remained unchanged for total CIs (4.4), banks (5.0) and credit cooperatives (3.2), while it rose by one-tenth in savings banks (4.4) and decreased by two-tenths in SCIs (5.3). Notable in the category of Spanish banks is the increase to 5.0 employees per office, following years of continual decreases.

The decrease in the number of agents, a process which started in 2008, steepened sharply in 2009 with a fall of 52% to 5,164. The most significant reduction was in subsidiaries of foreign banks (86%). This type of institution, which in 2008 accounted for 55% of total CI agents, reduced its agents to 844, their relative weight diminishing to 16% of the total. In Spanish banks they decreased by 13% and in savings banks by 4%. Within their marginality, only in credit cooperatives did they show a small increase.

The automated teller machine (ATM) network shrank for the first time, with a decrease of 1,294 ATMs or 2.1%. The only deposit institutions which increased, albeit only slightly (0.8%), the number of ATMs were credit cooperatives. Banks and savings banks removed 3.1% and 2.0% of their ATMs, respectively. Consequently, the ratio of ATMs per 10,000 inhabitants over 16 years of age decreased to 15.6, with an annual decrease of 0.4.

By contrast, point-of-sale (POS) terminals for total CIs expanded further to 1.44 million, although the pace was slower than in previous years. The overall increase was 2.0%, with the behaviour in savings banks being the opposite to that in banks: the former reduced their POS



SOURCE: Banco de España. Data available at 13 April 2010.

a. Year-end data relating to credit institutions registered in Spain and consolidated groups existing at each date.

b. Assets managed both by institutions themselves and by third parties.

terminals by 4.1% and banks increased them by 7.5%. There was no change in credit cooperatives.

The total number of credit and debit cards decreased by 3.4 million (3.4%) to 96.3 million. The decrease was significant for banks as a whole (10%) and, more specifically, for Spanish banks (12.6%), while it was only 1% in savings banks. By contrast, credit cooperatives and SCIs raised the number of credit and debit cards by 5.4% and 4.2%, respectively.

The number of cards per 10,000 inhabitants over 16 years of age decreased by one-tenth to 2.5 cards per inhabitant.

### 1.3 Consolidated groups

At end-2009 there were 99 consolidated groups,<sup>4</sup> one fewer than at end-2008. The changes in the year are described below.

A new foreign CI parent, Banco Caixa Geral, was registered. There was no change in savings bank groups with respect to 2008, and they remained at 46, the same as the existing savings banks. The changes in credit cooperative groups were as follows: the consolidated group Caixa dels Advocats was deregistered; and Cajamar, Rural Campo and Casinos were registered as forming an Institutional Protection Scheme (*Sistema Institucional de Protección*), whereas previously only the former had a consolidated group and it now acts as the head and the other two as participants. Among the groups with a CSI parent, Cartuja Financiera Andaluza was deregistered. Finally, there were no changes in groups headed by a parent other than a credit institution.

In 2009, mixed groups (MGs) and financial conglomerates (FCs) numbered 41, only one of which was supervised by the Directorate General of Insurance (Bilbao Hipotecaria SA). At end-2009 there were three financial conglomerates (Santander, BBVA and la Caixa), there having been a change during the year in the status of Bankpyme, a consolidated group which ceased to be an FC and the supervision of which passed from the Directorate General of Insurance to the Banco de España.

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4. In accordance with Table 1.1, consolidated groups are defined as groups that include, in addition to the parent (or reporting institution), one or more other fully or proportionally consolidated financial institutions.

