
19.06.2026

Opening address

“Competitiveness for growth” conference / AEB-CECA-UNACC

Madrid

José Luis Escrivá

Governor

*English translation from the original in Spanish.

Good morning everyone.

Let me begin by thanking the Spanish Banking Association (AEB), the Spanish Confederation of Savings Banks (CECA) and the Spanish Association of Credit Cooperatives (UNACC) for their invitation and for their contribution to this debate on competitiveness and growth.

The title of today's conference "Competitiveness for growth", captures the issue very well: **competitiveness is not an end in itself, nor is it merely a sectoral concern**. It is a necessary condition for banks to be able to finance firms and households more effectively, channel savings towards productive investment, support innovation and contribute to the growth of the European economy.

In this respect, the Banco de España's *Annual Report*, which we presented yesterday, provides an in-depth analysis of **productivity developments in the Spanish economy** from a medium-term perspective, drawing on novel data and methodologies. The report shows that productivity has changed course following the financial crisis and the euro area sovereign debt crisis. In particular, it finds that, from the creation of the Economic and Monetary Union until 2013, **total factor productivity in Spain** recorded negative growth rates, widening Spain's productivity gap relative to the euro area by around 12 percentage points. **One key factor behind this poor economic performance** was the unsustainable growth of bank credit with very low origination quality, which led to a highly inefficient allocation of productive resources.

The report points to a **notable change in trend** from 2013 onwards. Total factor productivity has begun to grow at positive rates, above those of the euro area as a whole, correcting around one-third of the negative productivity gap accumulated over the first 15 years of the Economic and Monetary Union. **This is a modest but important finding**. The analysis concludes that this change is mainly explained by improvements in the allocation of capital and labour across firms. **Spanish firms – particularly SMEs and higher-risk firms – have notably reduced their indebtedness levels and increased the relative weight of own funds since the financial crisis**. Although access to bank credit is not significantly restricted at present, difficulties persist for firms that are young or innovative or have no credit history.

I would like to highlight a particularly important finding: since the financial crisis, credit has been channelled to a greater extent towards **more productive firms, with the change proving particularly significant in the microenterprise segment**. This reflects a profound transformation in the Spanish banking system, including significant improvements in credit origination and granting processes. It is an effort by the sector that deserves recognition, which has been complemented by a prudential framework that has made the system sounder and more resilient.

That soundness is an asset we must preserve. At the same time, we must recognise that, over time, the framework has become denser, more complex and more difficult to manage, both for institutions and for supervisors.

It is important to be clear about the scope of this agenda. Simplification does not mean deregulation. Nor does it mean reducing capital or lowering prudential requirements. It means identifying where the framework can work better: eliminating overlaps, reducing burdens that add little value and making rules clearer and more predictable. To do so, we need a comprehensive analysis of the situation. In some cases, **the underlying problem lies in the overly general design of Level 1 legislation**, which delegates too much and ultimately results in successive layers of technical standards and operational obligations.

At the Banco de España, we have consistently advocated this agenda and have sought to lead by example wherever we have had the capacity to act directly. First, we consider there to be scope to simplify the capital buffer framework, make it more transparent and reduce overlaps, by integrating certain of its current elements into two broad buffers: a microprudential one and a macroprudential one. We also believe in simplifying the resolution framework through a capital and subordinated debt requirement that makes it easier to resort to the resolution fund where necessary.

A second priority is the effective application of the **principle of proportionality**. Regulation and supervision must remain rigorous, but should better adapt to the nature, size and complexity of institutions, avoiding burdens that unnecessarily limit their financing capacity and their ability to innovate and grow.

We must also reduce the complexity arising from the **proliferation of delegated acts and technical mandates**, which has increased the operational burden for institutions and supervisors. To this end, priorities need to be reordered, new developments limited and those that do not add sufficient value simplified or even eliminated.

In the area of **supervision**, we propose simplifying Single Supervisory Mechanism (SSM) processes and moving towards a more predictable and risk-based approach. This requires strengthening qualitative measures where capital is not the appropriate solution, enhancing the role of joint supervisory teams and communicating clear and consistent priorities. Existing guidelines should also be reviewed, to prevent mere supervisory expectations from becoming requirements in practice.

Lastly, with regard to **reporting**, we have focused on the area where we have the most direct leverage: the national reporting framework. The elimination of overlapping requirements, or of requirements that add little value, has already reduced reporting requirements by around one-third since Circular 1/2025 was issued. With the new omnibus circular, currently in the public consultation stage, reporting will be cut by around one-half compared with the national confidential information currently collected. But truly effective simplification also calls for a clear push at the European level. We expect the European Commission's announced review to address the architecture of the framework with sufficient ambition: from Level 1 legislation to technical standards, supervisory processes and reporting obligations.

Allow me now to turn to the profound changes taking place in the **way payments are made, financial transactions are settled and money circulates in the economy**. Digitalisation, tokenisation and new technological infrastructures are altering some of the basic building blocks of the financial system.

This transformation goes far beyond payments. It affects the entire financial ecosystem: deposits, market infrastructures and the way financial assets are issued, traded and settled.

Precisely because this process is still in its infancy, Europe has a particularly valuable opportunity. We can, and must, address this transformation comprehensively and coherently, coordinating the retail and wholesale dimensions and fully harnessing the potential of new technologies.

The digital euro should be framed in this context. **The digital euro is not an isolated project, nor just another technological initiative.** It is part of a broader transformation: ensuring that central bank money continues to anchor confidence in a digital environment and enabling innovative private solutions to be provided, built on a sound and common basis.

Similarly, the Eurosystem's work to adapt wholesale infrastructures seeks to facilitate the deployment of tokenisation using central bank money as the settlement asset, preserving the safety and efficiency of and trust in our infrastructures.

The potential benefits are substantial. Reducing frictions in cross-border payments would lower costs, strengthen European financial integration and increase our competitiveness.

Europe is particularly well placed because it combines two essential capabilities: innovation and trust. Technological innovation is indispensable; but so too is the trust provided by central bank money and the European institutional framework. Our strength lies precisely in combining these two dimensions. That is why **this transformation represents a strategic opportunity for Europe**: to modernise our infrastructures, improve competitiveness and build a more efficient, integrated financial system, ready to meet the needs of the European economy.

At the Eurosystem, we are fully committed to this objective. **But a transformation of this magnitude cannot be led by the public sector alone.** It also requires the commitment of the private sector in developing proposals that maximise the value of these technologies and constructively cooperating with the public initiatives under way, both of which are essential to move forward without compromising the safety, efficiency or stability of the system.

Banking union

For this technological transformation to reach its full potential, however, we need a financial system with genuine scale. European banks will not be fully competitive while they continue to operate, in practice, in banking markets that remain too national.

The **Banking union** was created precisely to overcome that fragmentation and to allow the European financial system to operate with the scale, efficiency and confidence that an integrated economy demands. We must therefore make balanced progress on its different components, addressing Member States' legitimate concerns, while ensuring that they do not become permanent obstacles.

To understand where progress is now needed, it is useful to recall the starting point. Europe's initial approach was to move essential functions to the European level, in order to break the sovereign-bank nexus: a single supervisory mechanism and a common resolution framework. Both pillars have now been in operation for more than a decade and have decisively strengthened the soundness of the sector.

Common European deposit insurance scheme (EDIS)

Yet the third pillar remains incomplete: a common European deposit insurance scheme (**EDIS**). The commitment made in 2012 was grounded precisely in that balance: reducing existing risks while moving towards common mechanisms to share them.

Its **main function** would be to guarantee the same degree of protection to all depositors in the banking union, regardless of the Member State in which their bank is established. That equality would strengthen confidence in the European banking system and ensure that a deposit is perceived in the same way across the single market.

But its benefits would go even further. EDIS would reduce dependence on national frameworks, foster cross-border integration and strengthen institutions' scale, efficiency and competitiveness. It would also weaken the bank-sovereign nexus and, in episodes of stress, act as a common anchor of confidence capable of containing destabilising dynamics.

Against this background, we should remain firmly committed to a fully fledged EDIS. At the same time, we should be pragmatic about how to achieve it: a **phased-in implementation, with verifiable milestones and well-defined transitional arrangements**, may be a reasonable way to build consensus among Member States. **But that gradual approach must be understood as a means to move forward, not as a way to lower ambition or turn partial solutions into permanent ones.**

Moreover, the current juncture offers a favourable window of opportunity: many banking union countries have already reached, or are close to reaching, the target levels of their national deposit guarantee schemes. This means that a substantial share of the resources already exists, making it possible to move towards a fully mutualised EDIS at a lower additional cost for institutions.

Home host

Alongside EDIS, another key dimension for completing the banking union is removing the barriers that still prevent the single market from being fully harnessed. Today, European banking markets remain fragmented by prudential and non-prudential obstacles that limit cross-border integration, reduce the scale of our institutions and weaken the sector's capacity to contribute to investment and growth.

A truly integrated banking union must allow cross-border groups to manage their liquidity, capital and eligible liabilities centrally and allocate them flexibly across subsidiaries. This logic is consistent with a single point of entry resolution strategy, in which the group is

treated as a single unit and no institution is excluded, thereby avoiding adverse effects on financial stability in the countries where it operates.

However, moving in that direction requires either completing the banking union or having a clear and credible commitment to do so. The last crisis taught us an important lesson: many Member States, especially small or medium-sized economies with significant subsidiaries of foreign banks, need assurance that, if a local subsidiary runs into difficulties, the parent will have effective mechanisms to support it.

For this reason, **greater mobility of liquidity, capital and eligible liabilities must be linked to progress on EDIS and supported by a clear legal safeguard**: European legislation should recognise the right and duty of the SSM and the Single Resolution Board (SRB) to require, on the basis of objective information and with the capacity to act swiftly, the parent to provide effective support to a subsidiary in another Member State when its financial position deteriorates.

With a clearly defined obligation to provide support that is enforceable by the European authorities, cross-border groups could manage their resources more flexibly in normal times, without leaving host countries unprotected in times of stress. If accompanied by a credible EDIS, incentives for national ring-fencing would likewise be reduced. Ultimately, this means shifting from a national to a European mindset: greater integration and efficiency for institutions, with robust safeguards to preserve financial stability wherever they operate.

Regulatory treatment of sovereign risk

We must also address, realistically, the regulatory treatment of sovereign exposures. This is a complex issue, reflecting a structural tension arising from countries sharing monetary policy but having their own fiscal policy. Any progress in this area must therefore be carefully designed, avoiding abrupt solutions that could disrupt sovereign debt markets or adversely affect government financing. But this should not prevent us from recognising that there is scope to gradually incentivise greater diversification of banks' sovereign portfolios, reducing home bias and thereby also helping to weaken the sovereign-bank nexus. The key is to move forward flexibly by exploring proportionate measures, with sufficiently long transition periods and always in parallel with progress towards a fully fledged EDIS.

Liquidity in resolution

Similarly, the banking union needs a credible European framework for the provision of liquidity in resolution. Following resolution, an institution may have regained viability but still face liquidity strains as market confidence is fully restored. In such circumstances, sufficiently robust backing can be key to ensuring the continuity of critical functions and preventing a crisis that, in solvency terms, has already been resolved from generating renewed instability owing to a lack of funding.

The most coherent solution would therefore be to establish a **European liquidity in resolution facility**, provided by the ECB and backed by a European guarantee, for larger significant institutions that may need support after resolution. If an institution is supervised by the SSM, resolved by the SRB and authorised to reopen after resolution, logic dictates

that liquidity support should also be European. This would strengthen the credibility of the resolution framework, reduce reliance on national solutions and help preserve confidence from the outset, precisely in order to minimise the likelihood that such support would need to be used.

This agenda cannot be analysed in isolation. Strengthening the banking union must go hand in hand with **further deepening of the savings and investments union**, because only a more integrated financial system will make it possible to channel European savings more effectively towards the investment needs generated by innovation, the energy transition, digitalisation and the EU's open strategic autonomy.

The Spanish banking system: soundness, oversight and cooperation

I would like to add a specific reflection on the Spanish banking system before concluding. Let me be clear: the sector is currently in a position of strength, with institutions that are sound, profitable, well capitalised and equipped with management capabilities that serve as a benchmark in Europe. The recent favourable performance of earnings, improved efficiency and balance sheet quality all reflect considerable effort that deserves recognition. And that strength becomes fully meaningful when it translates into financing capacity, supporting lending to firms and households and allowing banks to contribute steadily to economic growth.

However, recognising the sector's soundness does not mean lowering our guard. Precisely because the Spanish banking system is strong today, we must preserve that strength through prudent and continuous supervision. There are **three areas** where this is particularly important.

The first is credit standards. In the current favourable macroeconomic environment, it is essential that institutions maintain prudent origination criteria. Experience shows that risks tend to build up during good times, when risk perception tends to ease. Supporting the economy must therefore never be confused with weakening credit quality. The best way to sustain financing over time is to preserve sound standards from the outset.

The second area is the real estate market. It is worth saying just as clearly that we are not in 2008. The starting point of the banking system, households and firms is very different; regulation and supervision are likewise different. But this does not mean we can ignore the signals that may emerge in certain segments or territories. The situation in the real estate market calls for monitoring, granular analysis and proportionate macroprudential action. **At present, our analysis suggests that, although house prices require close monitoring, the risk associated with the real estate sector is contained by several factors: the still moderate weight of real estate and construction in the economy, low household debt and credit standards that remain prudent.** We will continue to closely monitor these indicators going forward.

The third area is technology. Digitalisation, artificial intelligence, technology vendor lock-in and the rise in cyber threats are all transforming the nature of operational risks. Here, oversight cannot be limited to each institution separately. Many of these threats have a

systemic dimension because they affect shared infrastructures, technology supply chains and trust mechanisms that are common to the system as a whole.

Therefore, **the message I would like to convey in this area is also one of collaboration.** Competition among institutions must remain fierce in business, service quality, innovation and the ability to attract and support customers. But there are areas where greater cooperation strengthens competition, rather than weakening it. Cybersecurity, responsible artificial intelligence, operational resilience and certain common technological infrastructures are natural areas for sector-wide cooperation.

The Banco de España wants to play an active role in that cooperation. Not only as supervisor, but also as an institutional partner in building a safer, more innovative and resilient financial system. We have a responsibility to demand prudence, but also to listen, support and work with the sector where risks and opportunities are shared. Striking that balance – competition in business, cooperation on resilience and constant dialogue with the authorities – will be increasingly important to preserving the strength of the Spanish banking system in the years ahead.

Let me finish with a general reflection. **Jean Monnet believed that Europe would be built through concrete achievements.** This will also be true in the financial realm. A more competitive Europe will not emerge from a single decision or an isolated reform, but from our ability to move forward, coherently and with a sense of purpose, in several directions at once: innovating without eroding trust; integrating markets without compromising stability; and simplifying the regulatory and supervisory framework without lowering prudential standards. This is the agenda that can turn European banks into a true lever for growth: capable of mobilising more investment, better catering to the needs of firms and households and more robustly supporting the major transformations that lie ahead for Europe.

Thank you.