

EUROPEAN ASSOCIATION OF CO-OPERATIVE BANKS' GENERAL ASSEMBLY

# The strategic role of credit cooperatives

**José Luis Escrivá**

Governor. Banco de España

15<sup>th</sup> DECEMBER 2025



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# 1

**Spain's growth is solid in an uncertain global environment**

# 2

**A robust, strengthened banking system**

# 3

**The role played by credit cooperatives**

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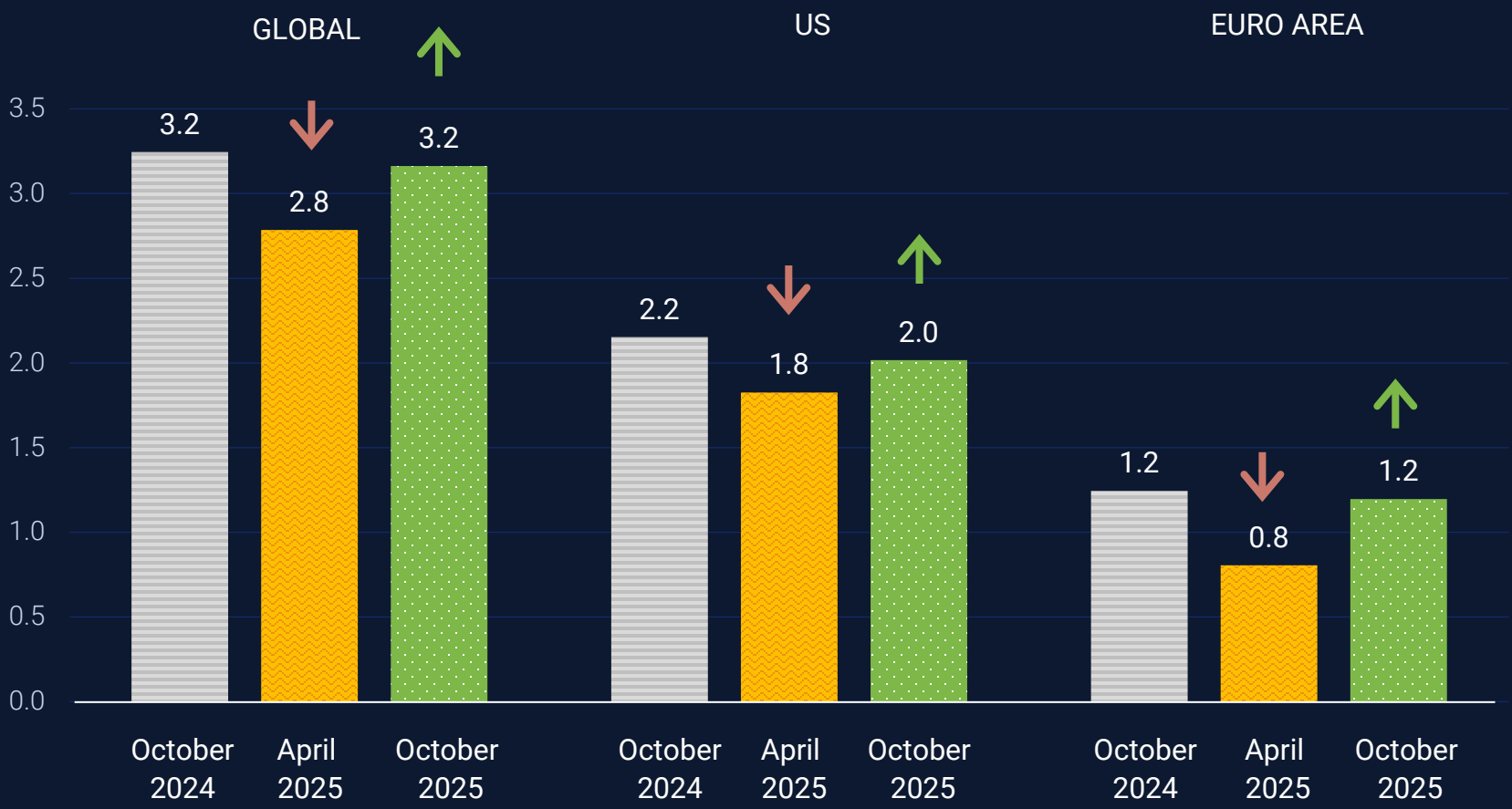
# 2025: a turbulent year for the global economy



# Global growth has been resilient

After downward revisions in April, forecasts were better in October, especially in the euro area

2025 FORECASTS

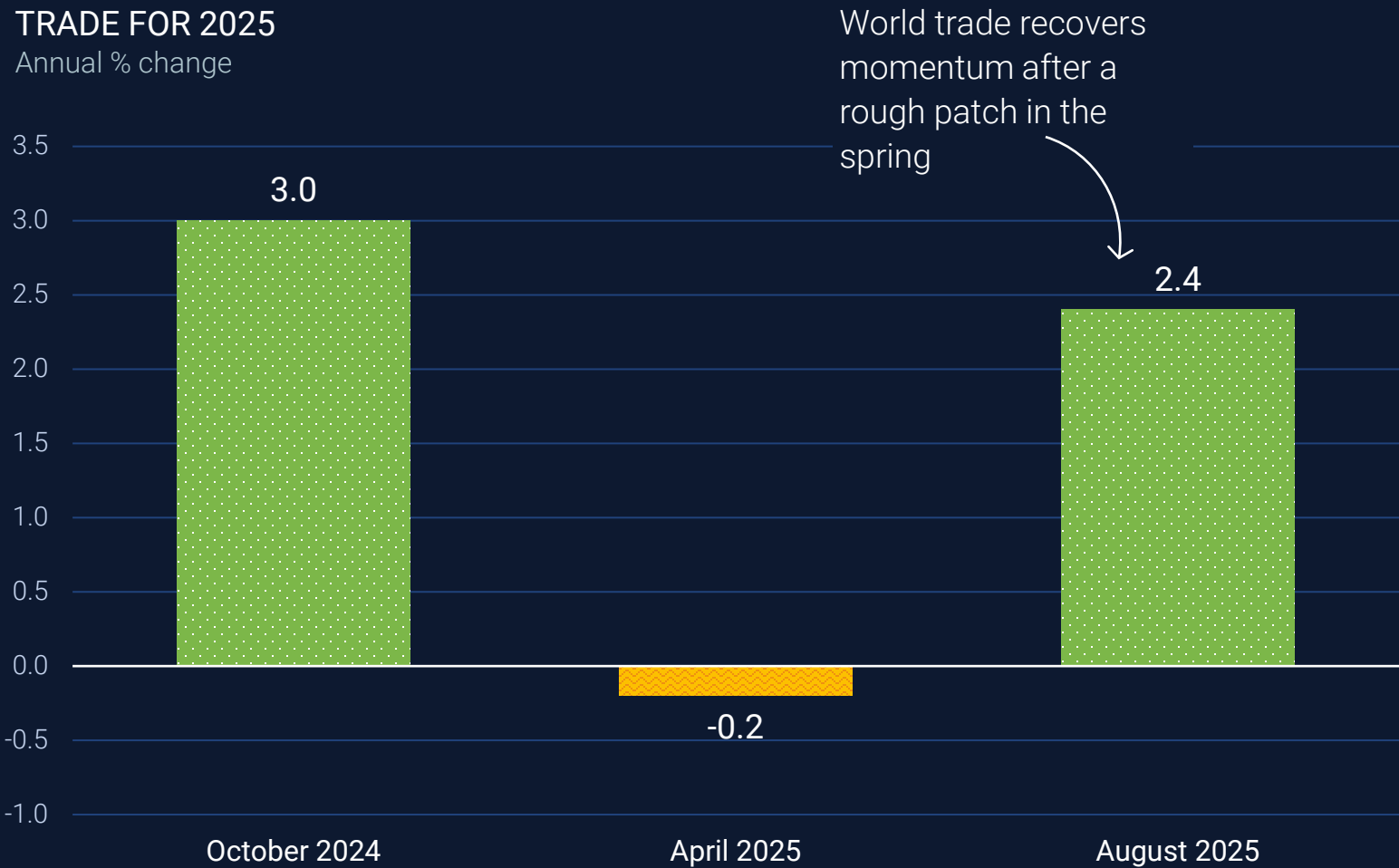


SOURCE: IMF World Economic Outlook.

# World trade has slowed by less than expected

Forecasts for 2025 improve from a fall of 0.2% in April to growth of 2.4% in August, suggesting that global flows are gradually returning to normal

FORECASTS OF GROWTH IN WORLD GOODS TRADE FOR 2025  
Annual % change



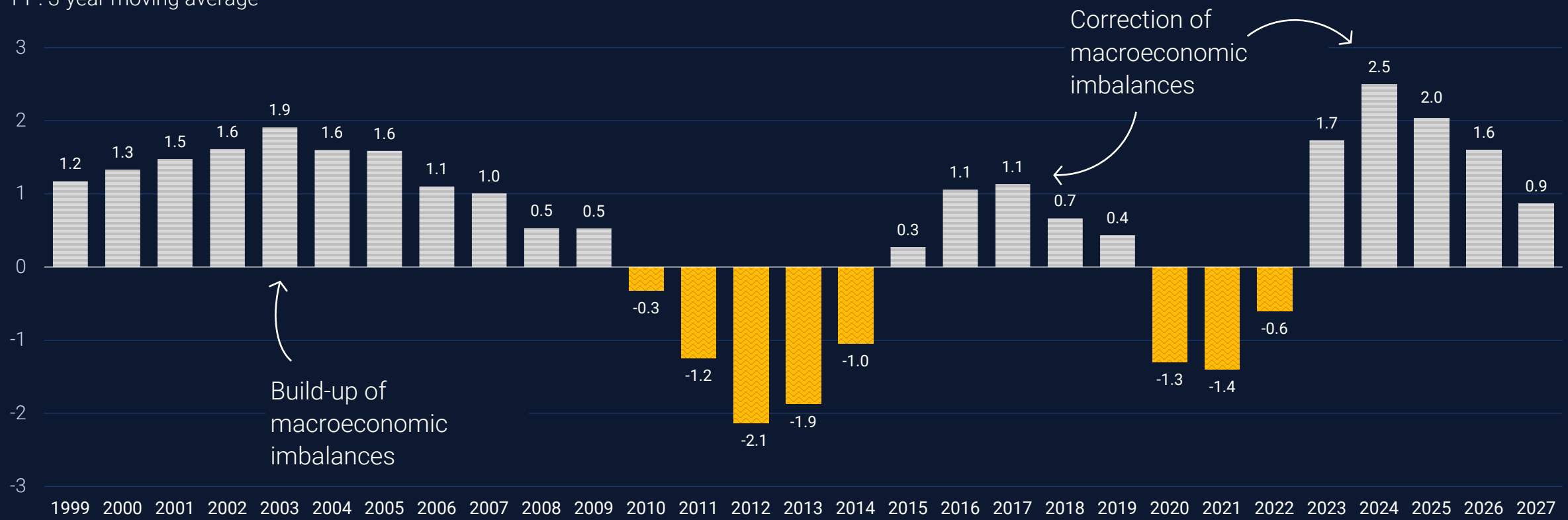
SOURCE: WTO. Volume of world trade: average of exports and imports

# Growth in Spain has been stronger than in the euro area

At the same time, there has been a correction of macroeconomic and external imbalances, unlike in other expansionary phases

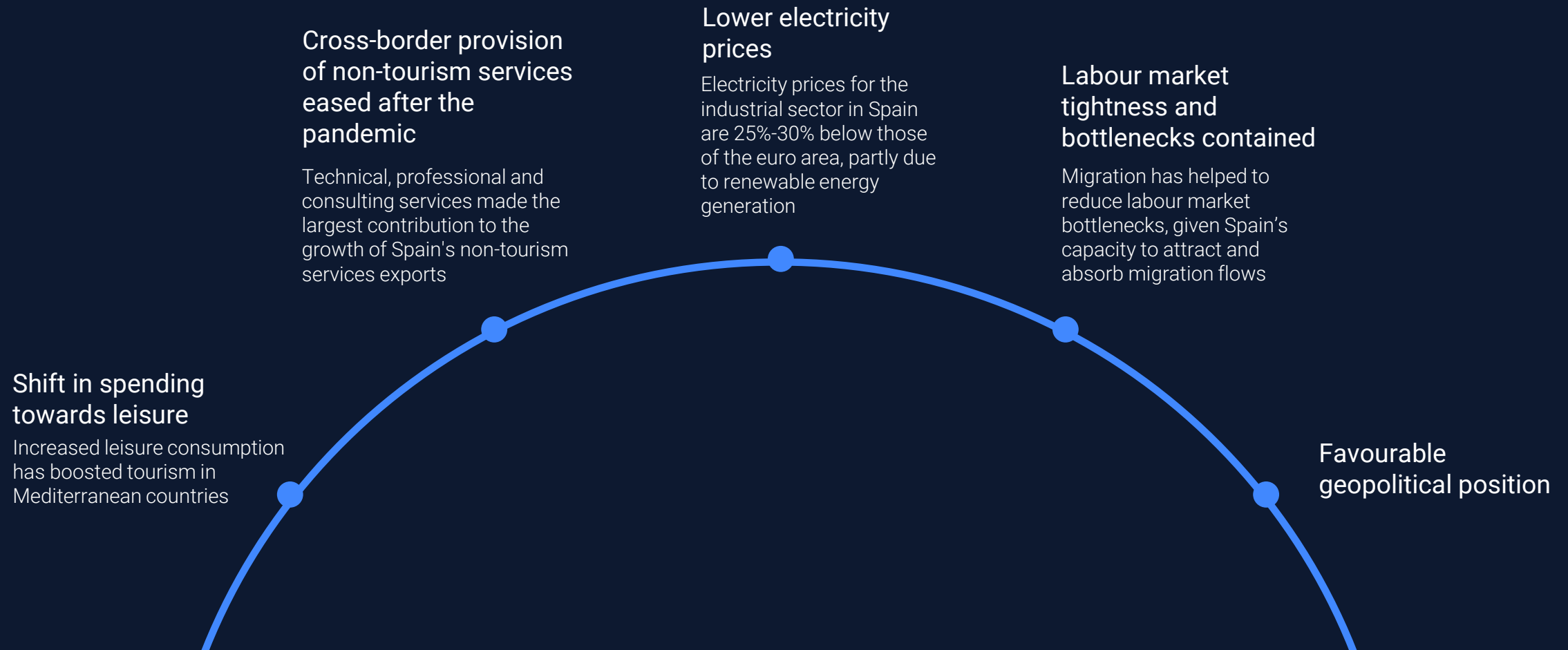
## GROWTH DIFFERENTIAL BETWEEN SPAIN AND THE EURO AREA

PP. 3-year moving average



# Spain has benefitted from a favourable post-COVID global economic environment

The post-COVID global economic environment presents opportunities for Spain, which should be analysed to determine if they are cyclical or structural





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# Main challenges for the Spanish economy

The Spanish economy has certain structural issues that remain untackled and may lead to future growth bottlenecks

## PUBLIC FINANCES

Spain has reduced the debt ratio at a steady rate from high levels, but further credibility could be gained with a detailed medium-term fiscal strategy

## LABOUR MARKET MISMATCH

Large differences in unemployment rates between groups and regions persist. Improving active labour market policies to align the skills of job seekers with those demanded by firms remains an issue

## HOUSING MARKET

The shortage of housing stock in the face of increasing demand could become a bottleneck for the economy

## PRODUCTIVITY AND INSTITUTIONAL QUALITY

Spain faces a significant productivity gap that has emerged over the past two decades; reducing this gap requires decisive policy action

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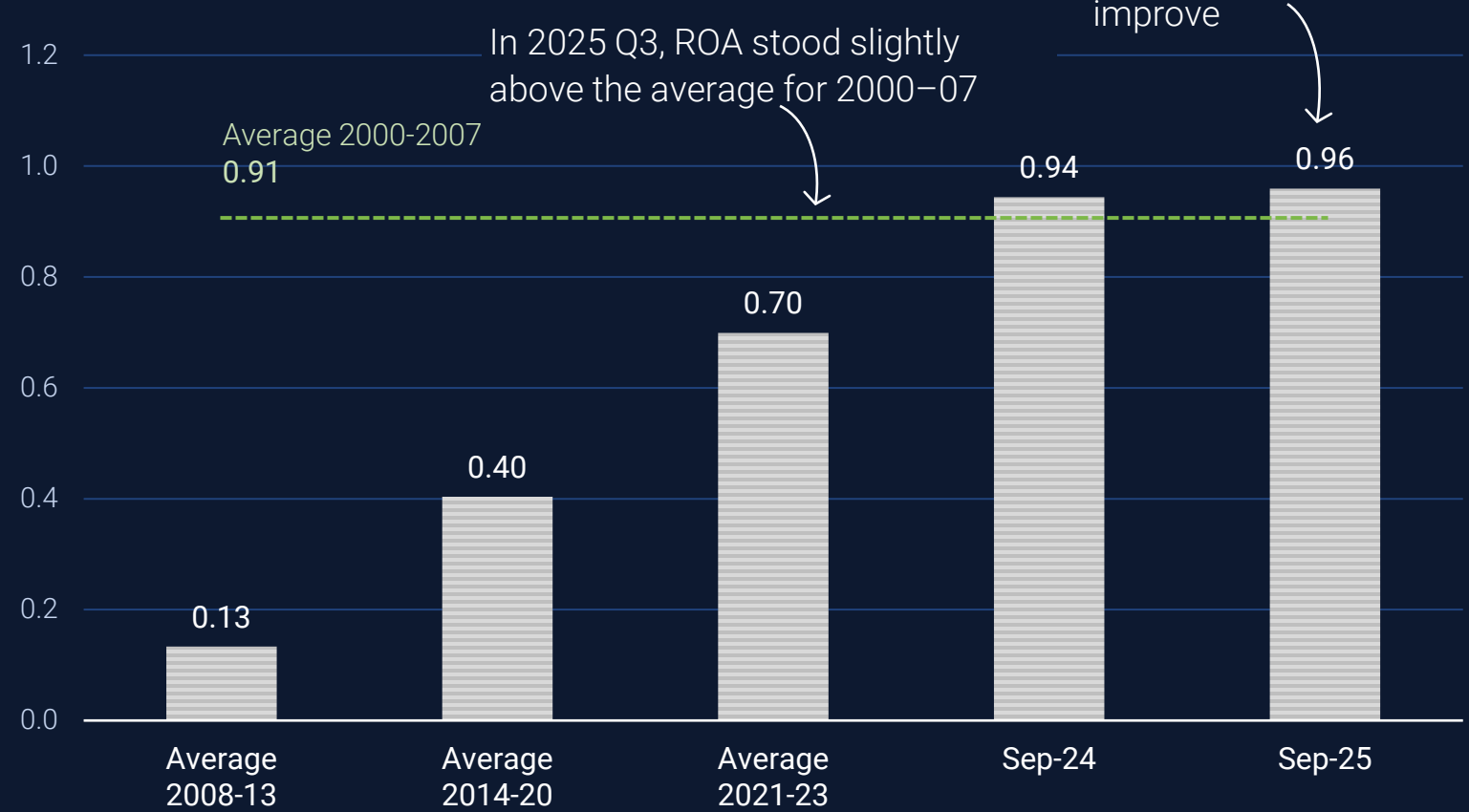
# 3

**The role played by credit cooperatives**

# Ongoing rise in profitability

Spanish banking sector profitability stands at historically elevated levels, despite the recent fall in net interest income

RETURN ON ASSETS OF THE SPANISH BANKING SECTOR  
% 2000-2025 (a)



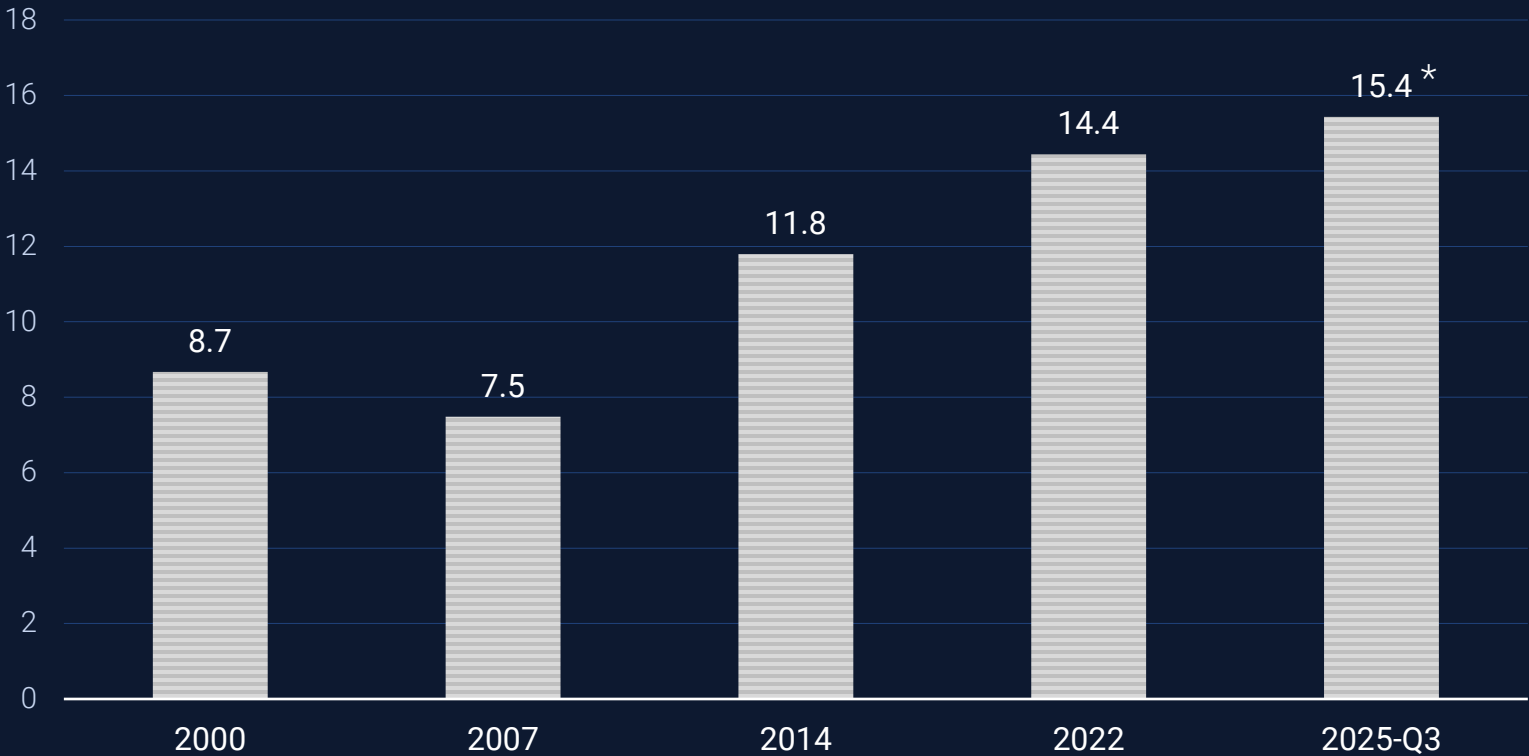
SOURCE: Banco de España. Latest observation: September 2025  
a. September data reflects profitability over the first three quarters of each year

# Robust capital ratios

The banking sector has reinforced its capital ratios, providing a strong buffer against external shocks

\*In 2025 Q3, the CET1 ratio reached 13.8 %

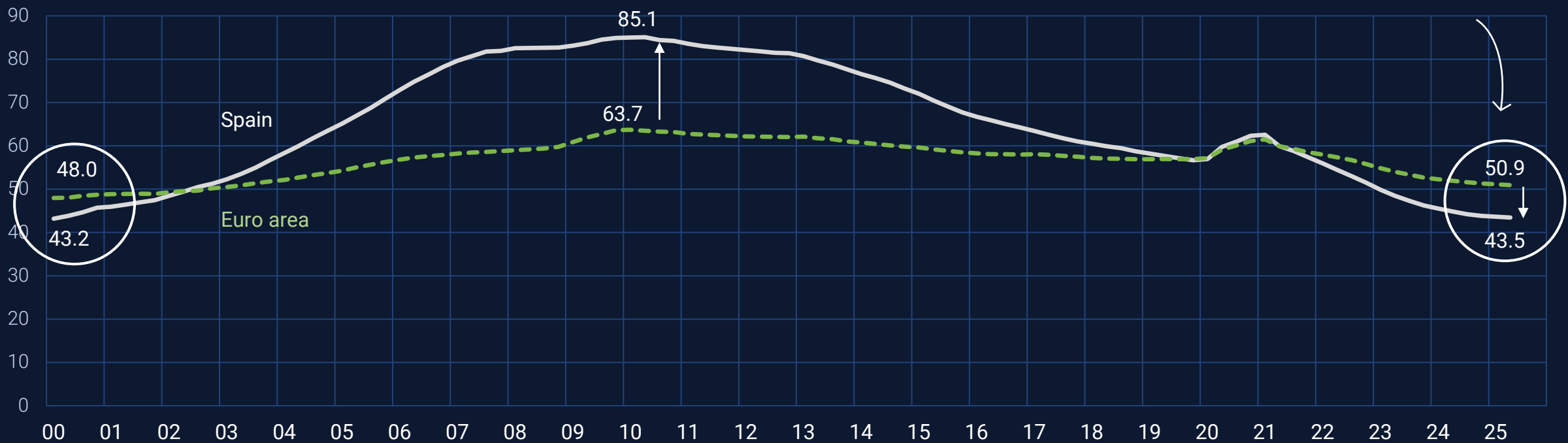
TIER 1 RATIO OF THE SPANISH BANKING SECTOR (a)  
%



SOURCE: Banco de España. Latest observation: September 2025  
a. Data reported at year-end except for 2025, for which the latest available observation corresponds to Q3

# The Spanish household debt ratio has continued to decline and, in 2025 Q2, stood at a level not seen since the year 2000...

HOUSEHOLD DEBT AS A PERCENTAGE OF GDP (a)  
% of GDP

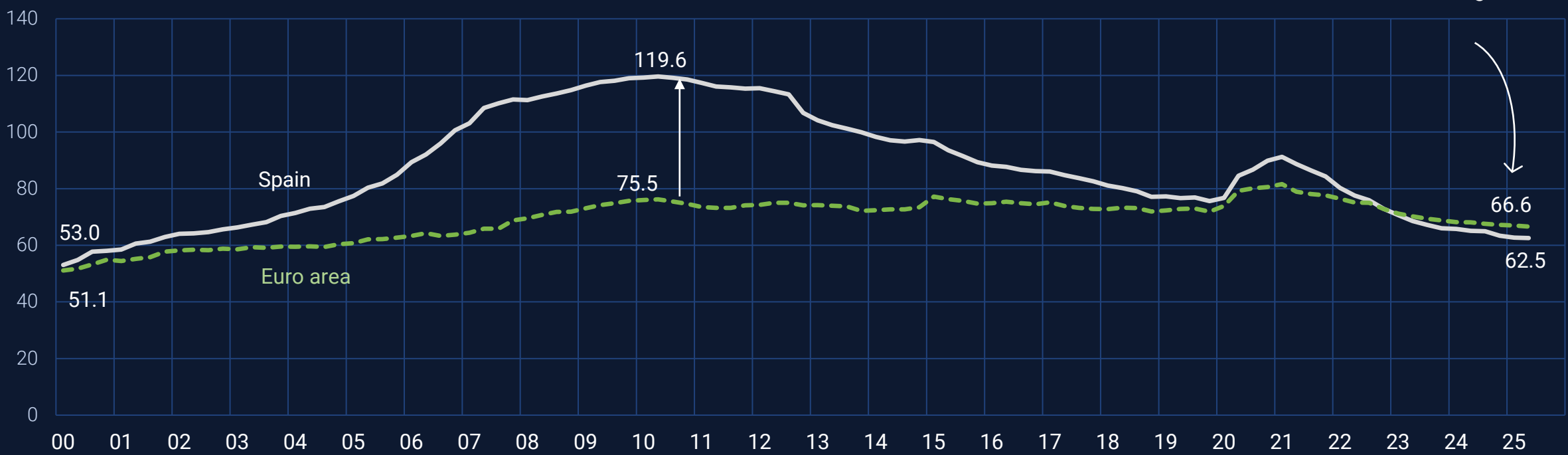


The gap between Spain and the euro area turned negative in mid-2021

SOURCES: ECB, Eurostat, INE and Banco de España. Latest observation: Q2 2025  
a. Outstanding debt is seasonally adjusted.

# ... while Spanish firms' debt ratio stands at very low levels, similar to those recorded in the early 2000s

FIRMS' DEBT AS A PERCENTAGE OF GDP (a)  
% of GDP



SOURCES: ECB, Eurostat, INE and Banco de España. Latest observation: Q2 2025  
a. Outstanding debt is seasonally adjusted

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**3.1  
CONTEXT OF THE COOPERATIVE SECTOR IN SPAIN**

3.2  
HOW DO COOPERATIVES CONTRIBUTE TO SOCIETY?

3.3  
DESCRIPTION OF THE SITUATION OF COOPERATIVES

3.4  
CHALLENGES AND OPPORTUNITIES

## Europe has three organisational models

From consolidated groups to regulated institutional protection schemes (IPs): different structures to ensure solvency, stability and autonomy.

### HIGHLY INTEGRATED CONSOLIDATED GROUPS

- Subject to consolidated prudential supervision with individual waivers
- The central entity has full control over the members
- Rabobank is the foremost European example
- Spain: IPSs strengthened through full solvency mutualisation

Rabobank (Netherlands)

Cajamar

Solventia

ÖGV (Austria): Volksbank - 8 regional banks

BCC (Italy): ICREA cooperative group

OP (Finland): 180 cooperative banks

### LESS INTEGRATED CONSOLIDATED GROUPS

- Subject to consolidated and individual prudential supervision, with exemption of intra-group RWA exposures
- Member institutions hold stakes in the central entity and grant it group oversight powers

Crédit Agricole

Crédit Mutuel

BPCE group

### REGULATED IPSs

- Not a consolidated group. No centralised control or parent entity.
- Prudential requirements at individual level.
- Ex-ante fund established: mutual responsibility to guarantee liquidity and solvency.
- Greater autonomy for affiliated institutions.

BVR-ISG IPS (Germany): cooperative

AECR ISP

Raiffeisen Banking Group (Austria)

DSGV IPS (Germany): savings banks

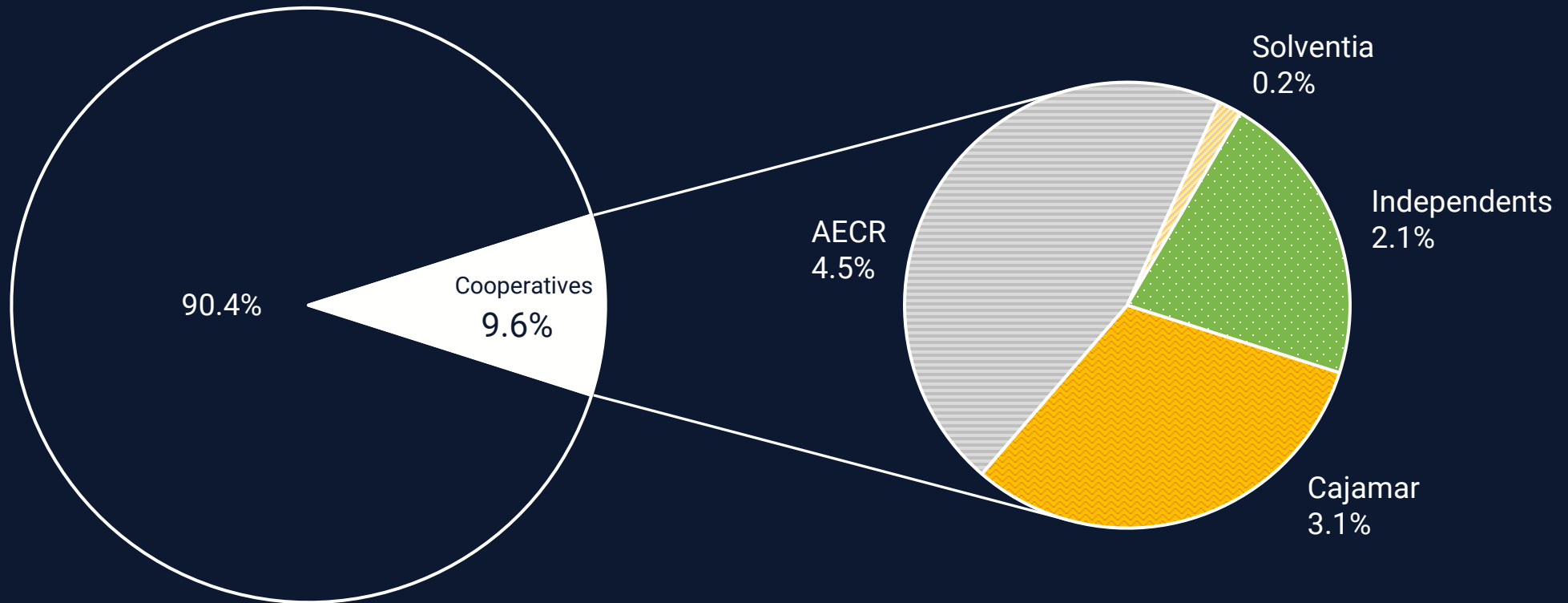
KZBS (Poland): cooperative banks



## Cooperative banks provide almost 10% of credit in Spain

The sector is characterised by the coexistence of three organisational models with similar shares.

### MARKET SHARE OF CREDIT IN SPAIN



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## 3.2 CONTRIBUTION OF COOPERATIVES

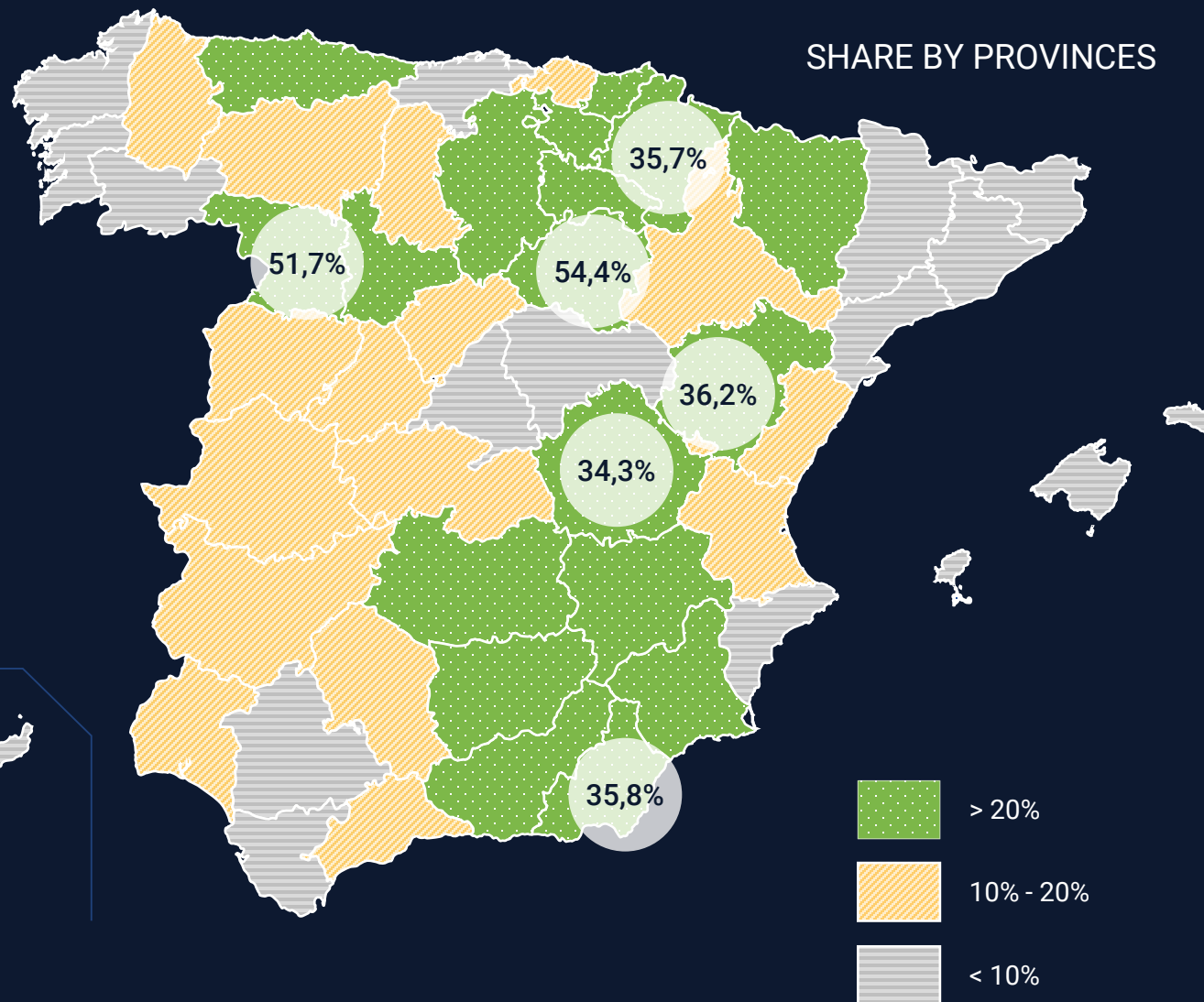
## More significant presence in less densely populated areas

Their share of loans exceeds 10% in almost all regions, in particular in Navarre (with the highest share, 36%) and Castile-La Mancha, Castile and Leon, Asturias, Rioja, Murcia and the Basque Country (over 20%). There is heterogeneity at the province level

Average  
Spain  
9.6%



### SHARE BY PROVINCES



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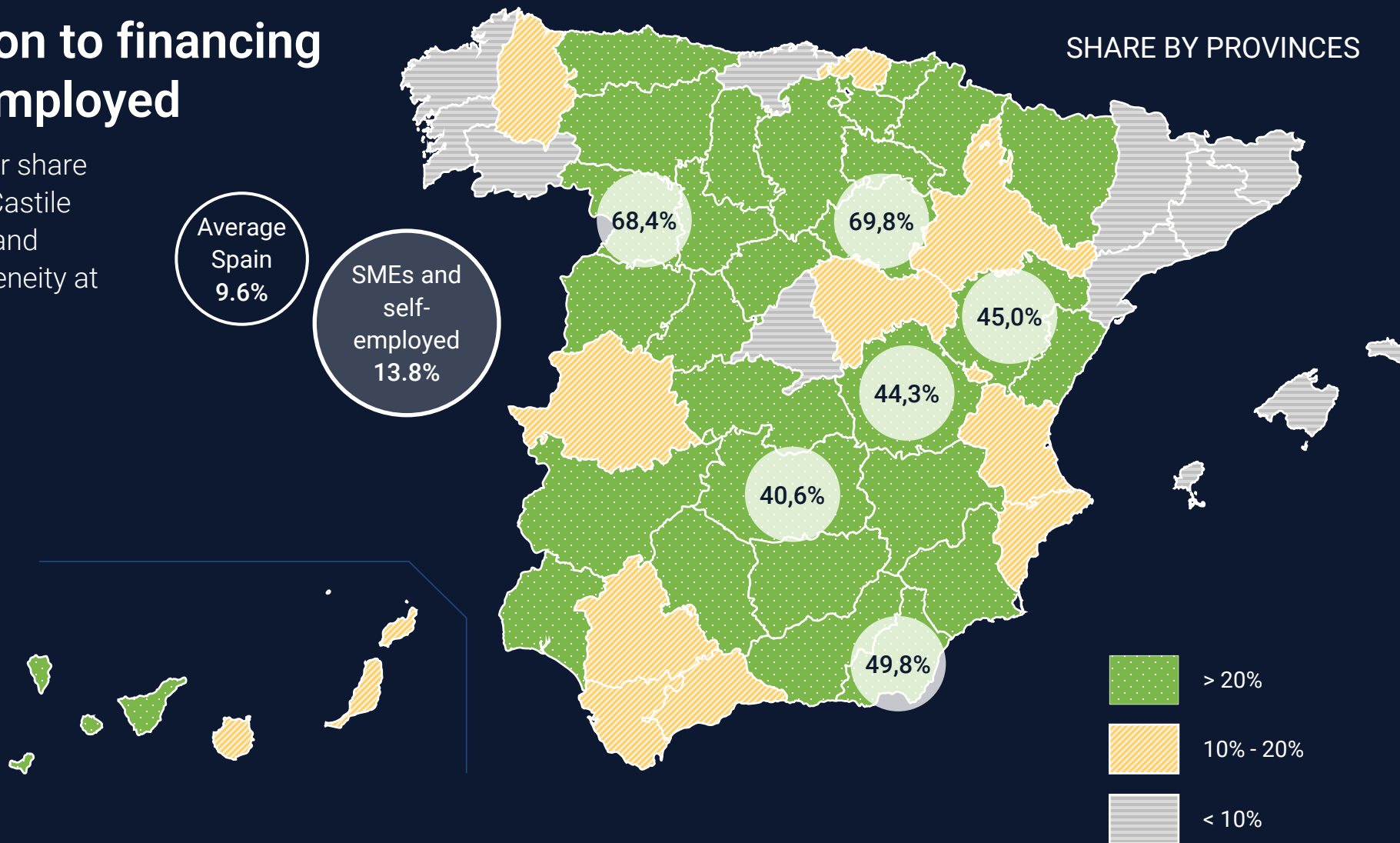
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## 3.2 CONTRIBUTION OF COOPERATIVES

## Important contribution to financing SMEs and the self-employed

With an average share of 13.8%, their share stands out in Navarre (35%) and in Castile and Leon, Castile-La Mancha, Rioja and Murcia (over 25%). There is heterogeneity at the province level



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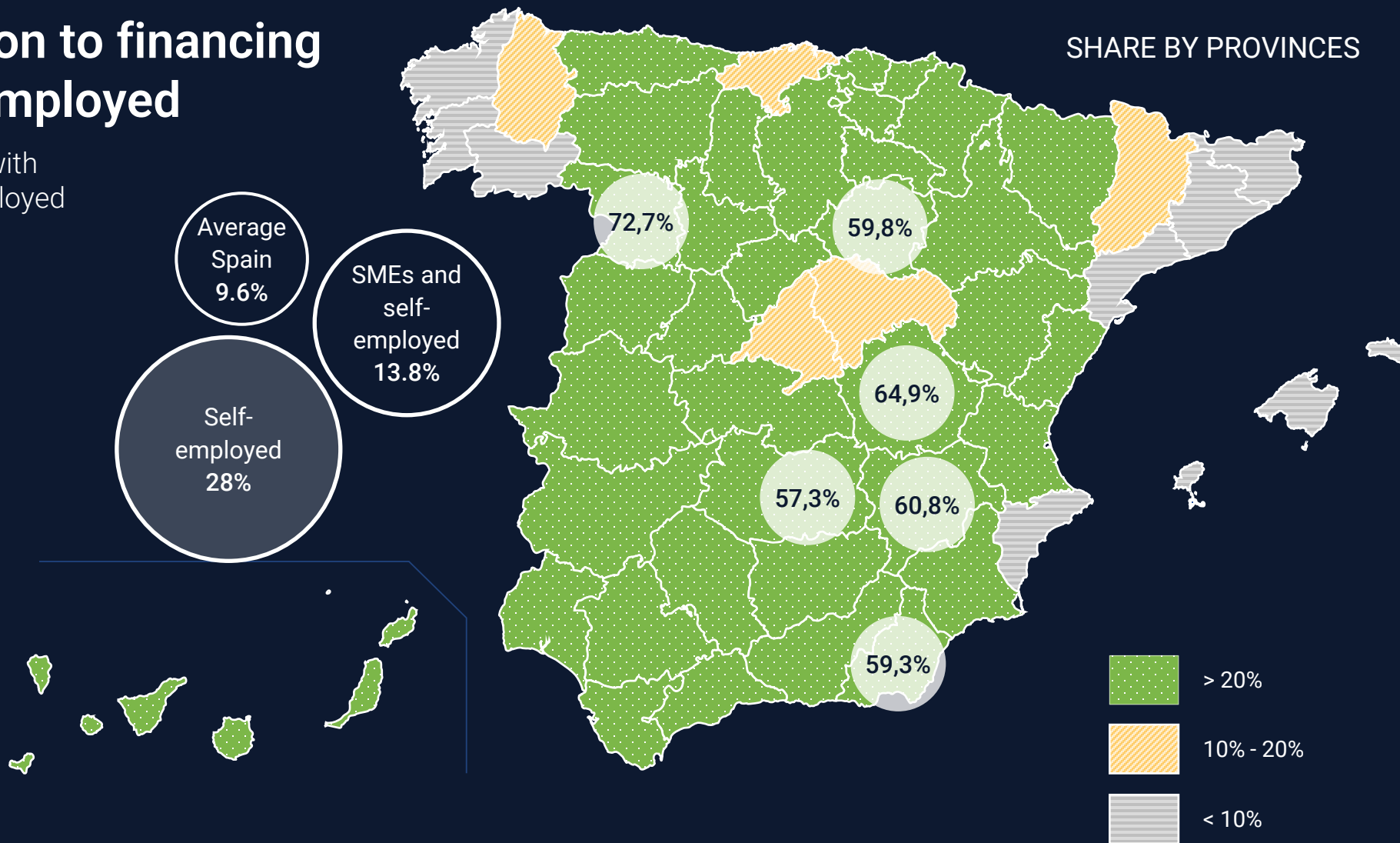
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## 3.2 CONTRIBUTION OF COOPERATIVES

## Important contribution to financing SMEs and the self-employed

Focus on smaller productive units, with particular emphasis on the self-employed (average share of 28%)



SOURCE: CIR (the Central Credit Register in Banco de España).

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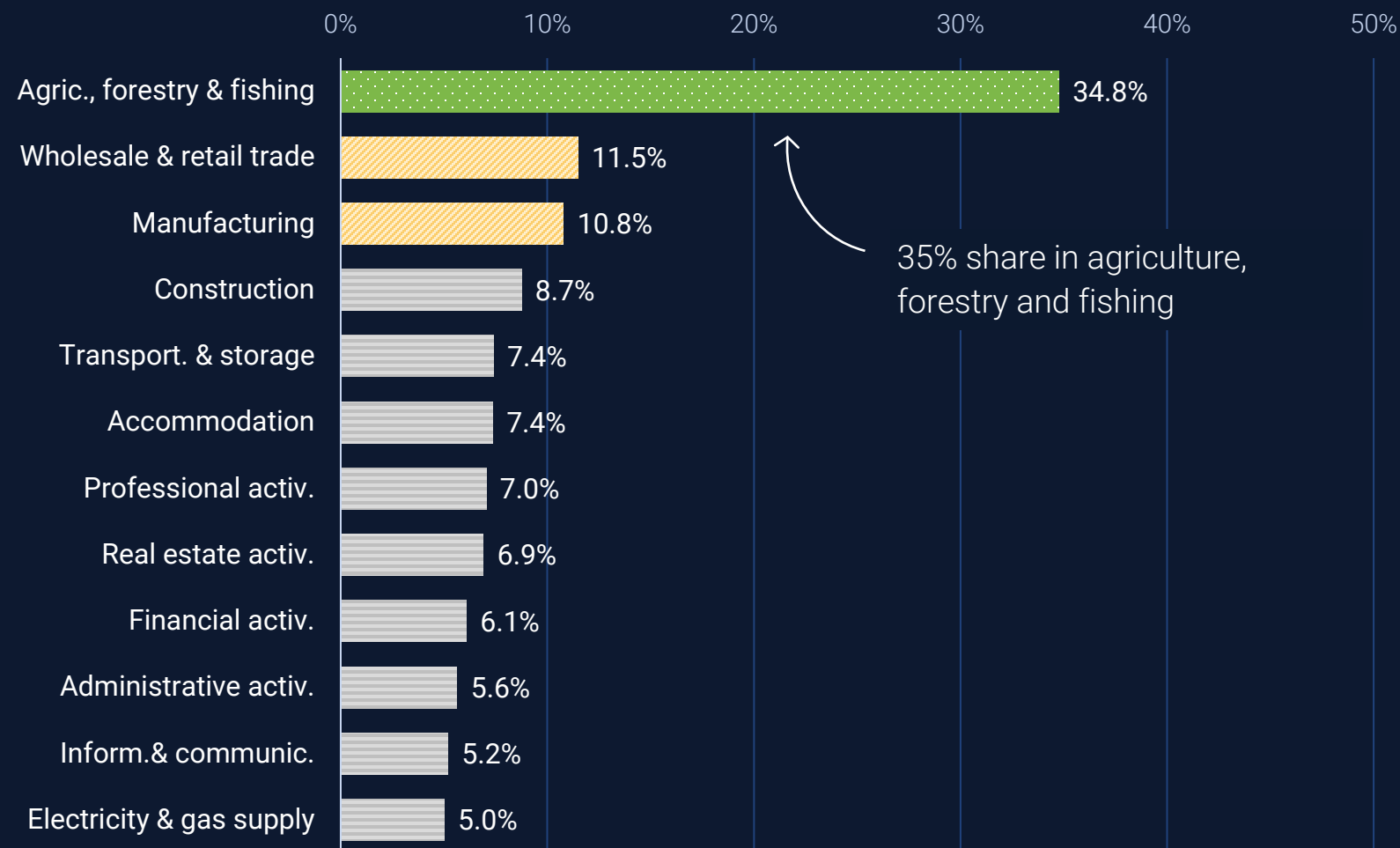
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## 3.2 CONTRIBUTION OF COOPERATIVES

## Their contribution to the primary sector stands out and they are leaders in terms of market share...

In volume terms, wholesale and retail trade and manufacturing are also important, with shares slightly above the average (9.6%)

### MARKET SHARE BY SECTOR OF ACTIVITY

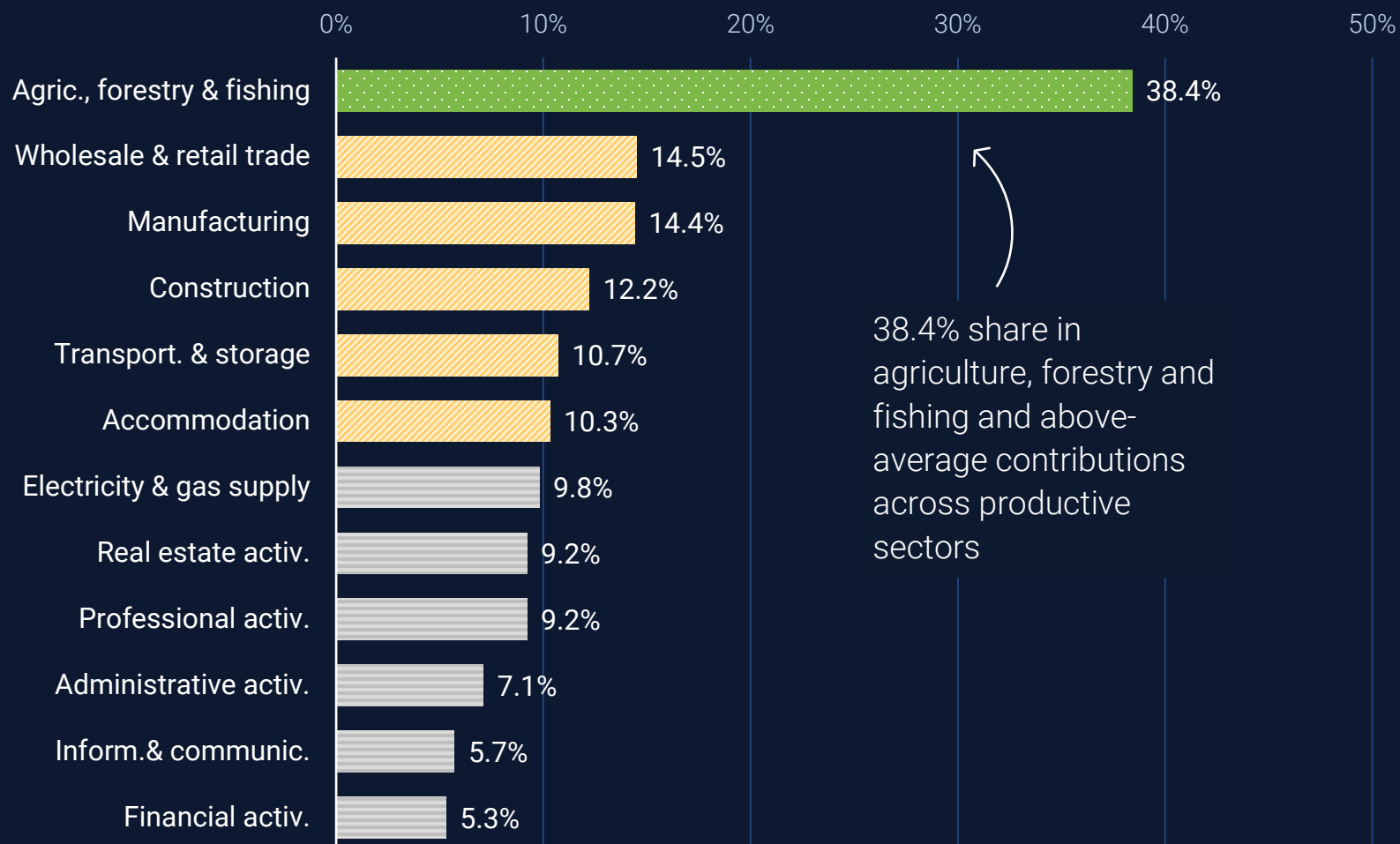


SOURCE: CIR (the Central Credit Register of the Banco de España).

Only NACE codes whose total system loan portfolio accounts for more than 3% of total loans to business activity (Large firms+ SMES + Self-employed) are included.

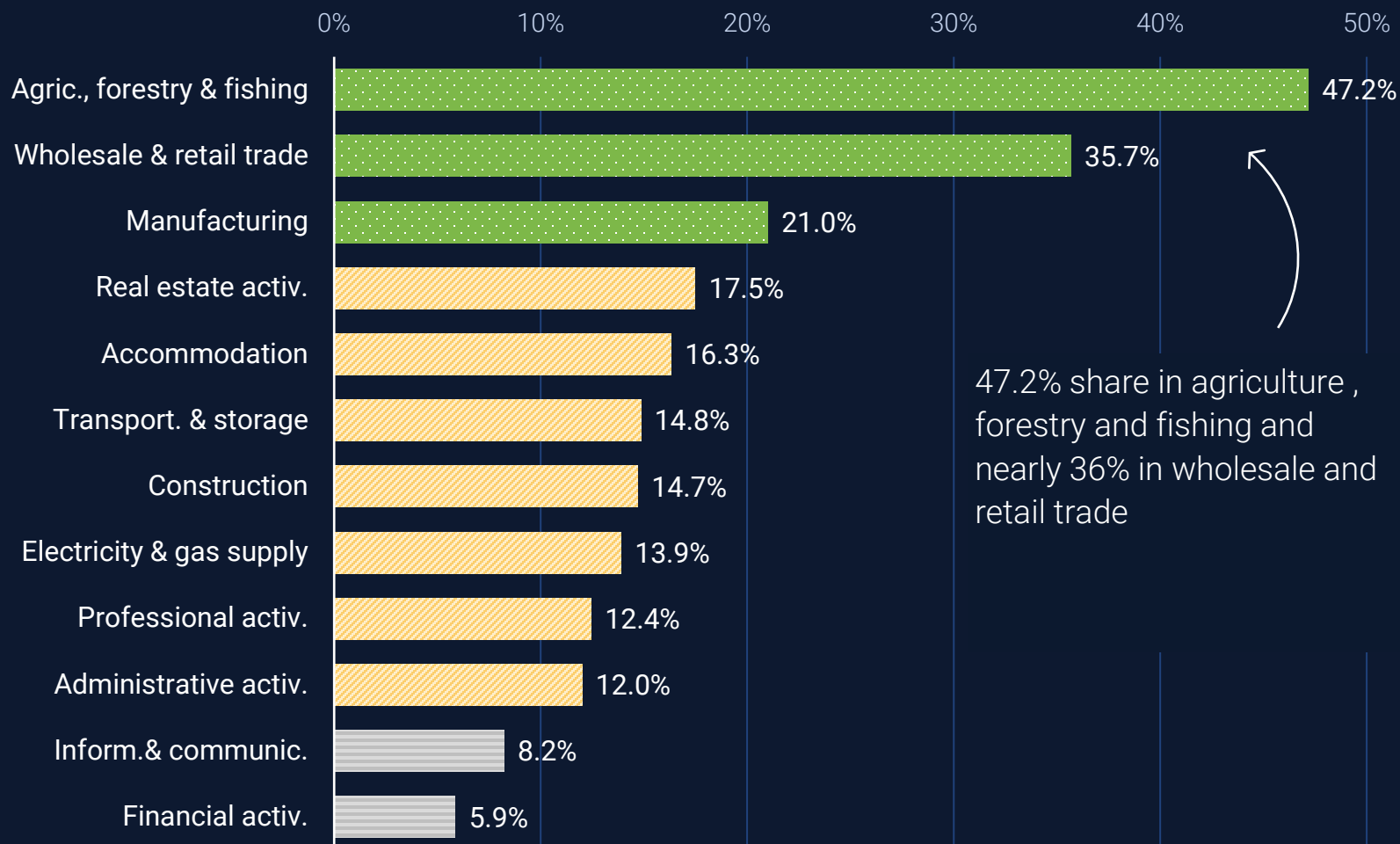
... and this is even more so in the case of SMEs and the self-employed

#### MARKET SHARE BY SECTORS OF ACTIVITY. SMES AND SELF-EMPLOYED



... and this is even more so in the case of SMEs and the self-employed

#### MARKET SHARE BY SECTORS OF ACTIVITY. SELF-EMPLOYED





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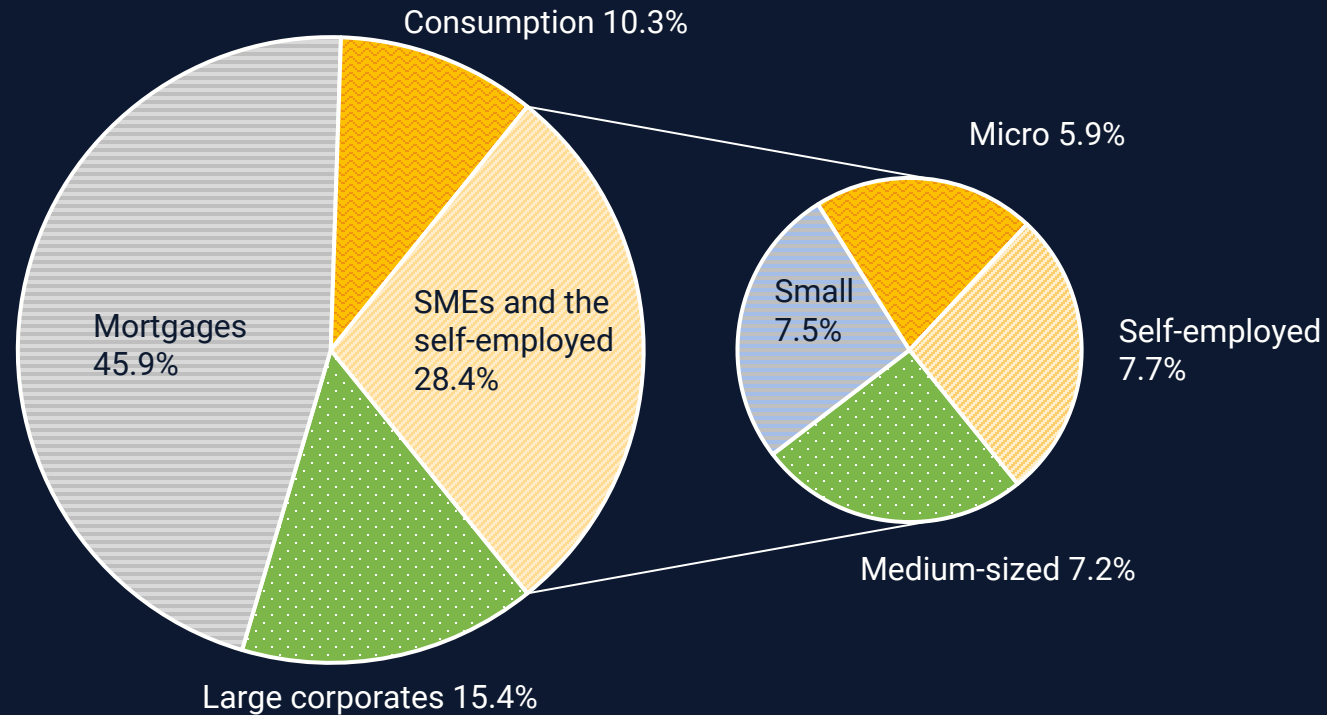
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## Business model based on mortgages and SMEs and the self-employed...

Both portfolios represent almost 75% of the total credit exposures of cooperatives

CREDIT PORTFOLIO COMPOSITION OF COOPERATIVES



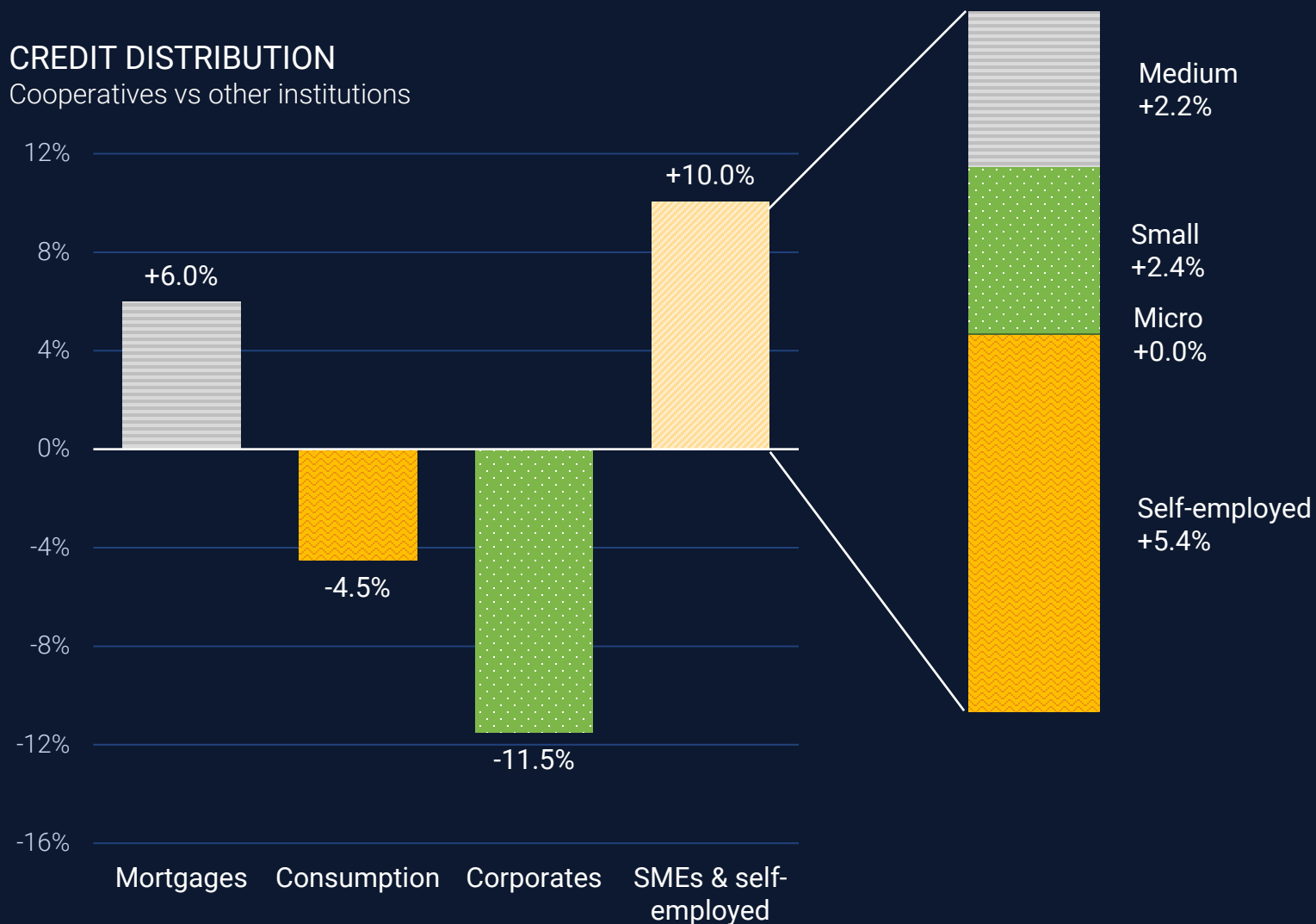
SOURCE: Banco de España

Data of businesses in Spain. "CORE" credit investment: Households and firms.

## ...with a particular focus on the latter comparing with other institutions

Cooperatives place more emphasis on SMEs and the self-employed (greater focus on smaller productive units) and, to a lesser extent, on mortgages

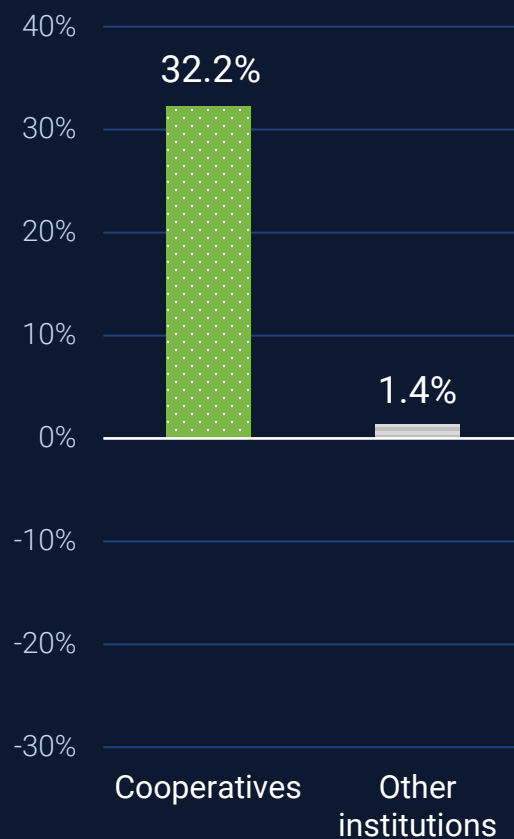
CREDIT DISTRIBUTION  
Cooperatives vs other institutions



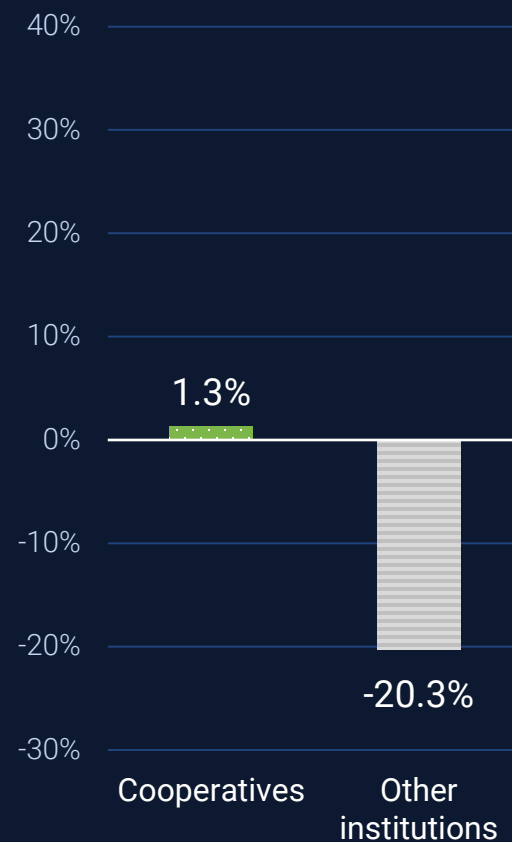
## Significant growth of the credit stock in comparison with other institutions

Financing of SMEs and the self-employed stable, as compared with a contraction in the case of other institutions

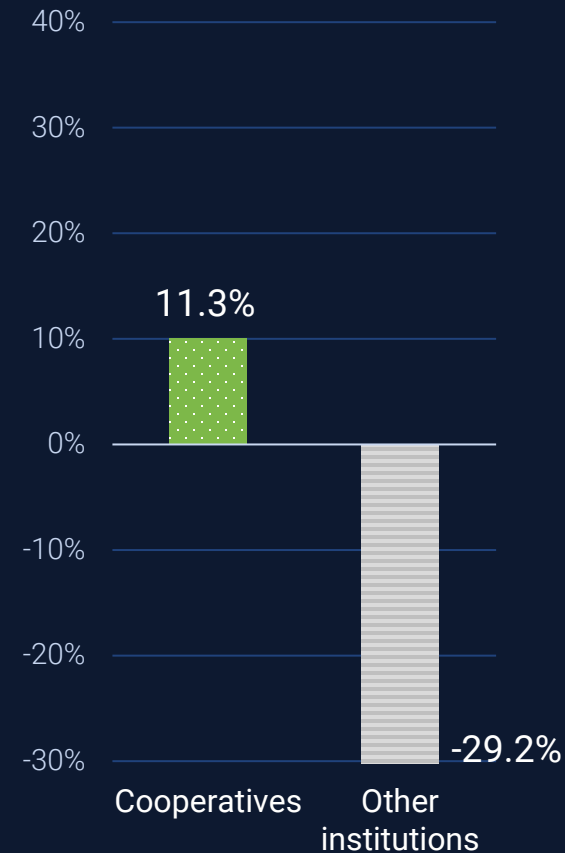
CHANGE IN CREDIT STOCK  
DEC-17 - JUN-25



CHANGE IN CREDIT STOCK:  
SMEs AND SELF-EMPLOYED  
DEC-17 - JUN-25



CHANGE IN CREDIT STOCK  
SELF EMPLOYED  
DEC-17 - JUN-25



SOURCE: Banco de España

Data of businesses in Spain. "CORE" credit investment: Households and firms.

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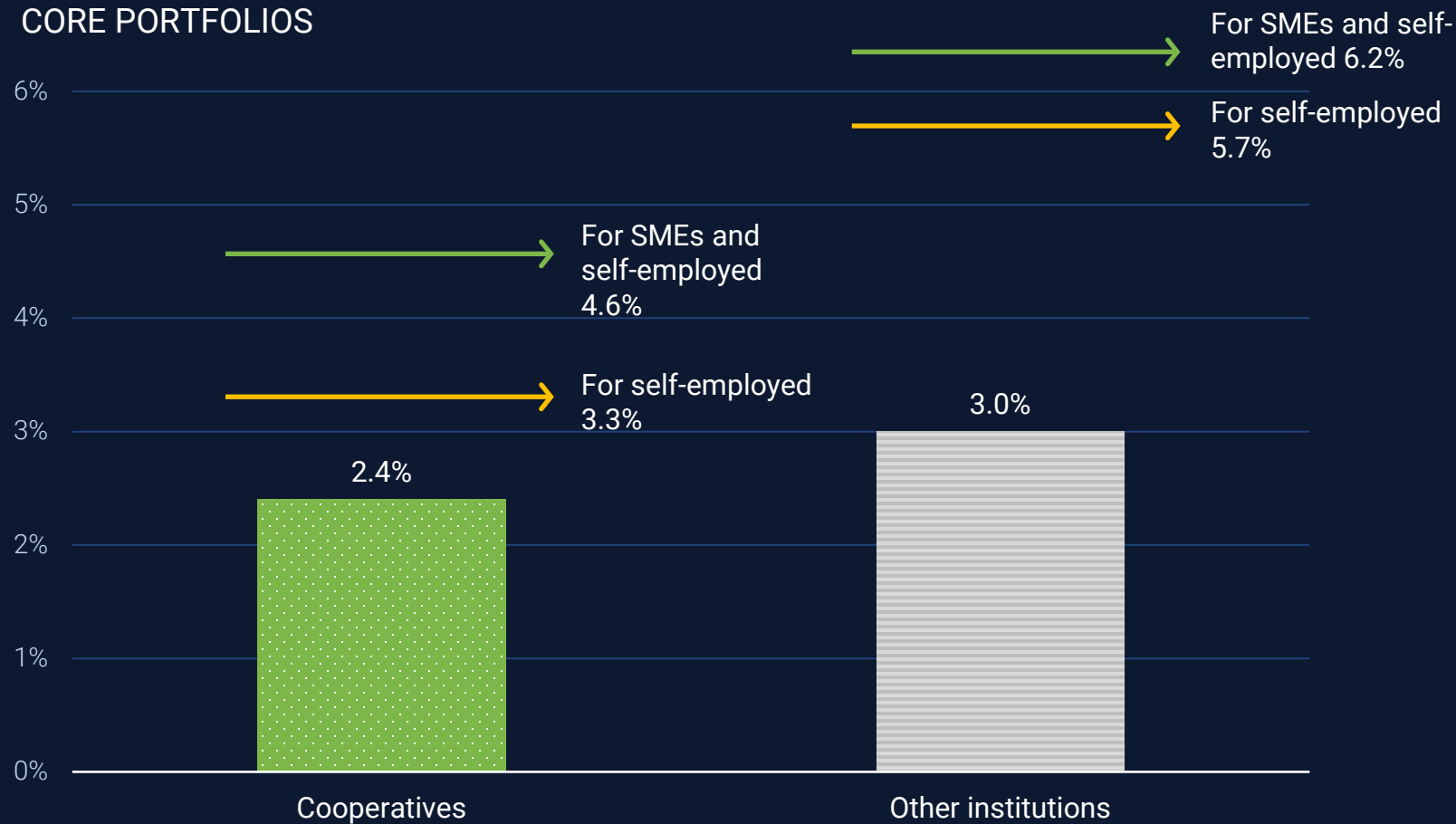
## 3.3 SITUATION OF COOPERATIVES

## Cooperatives have better NPL ratios than the rest of the sector

Ongoing, widespread improvement in credit quality in both groups (2/3 decline in NPL ratio since 2017).

The NPL coverage ratios are similar in both groups of institutions, at around 50%

NPL RATIO (S3) JUN-25  
CORE PORTFOLIOS



SOURCE: Banco de España

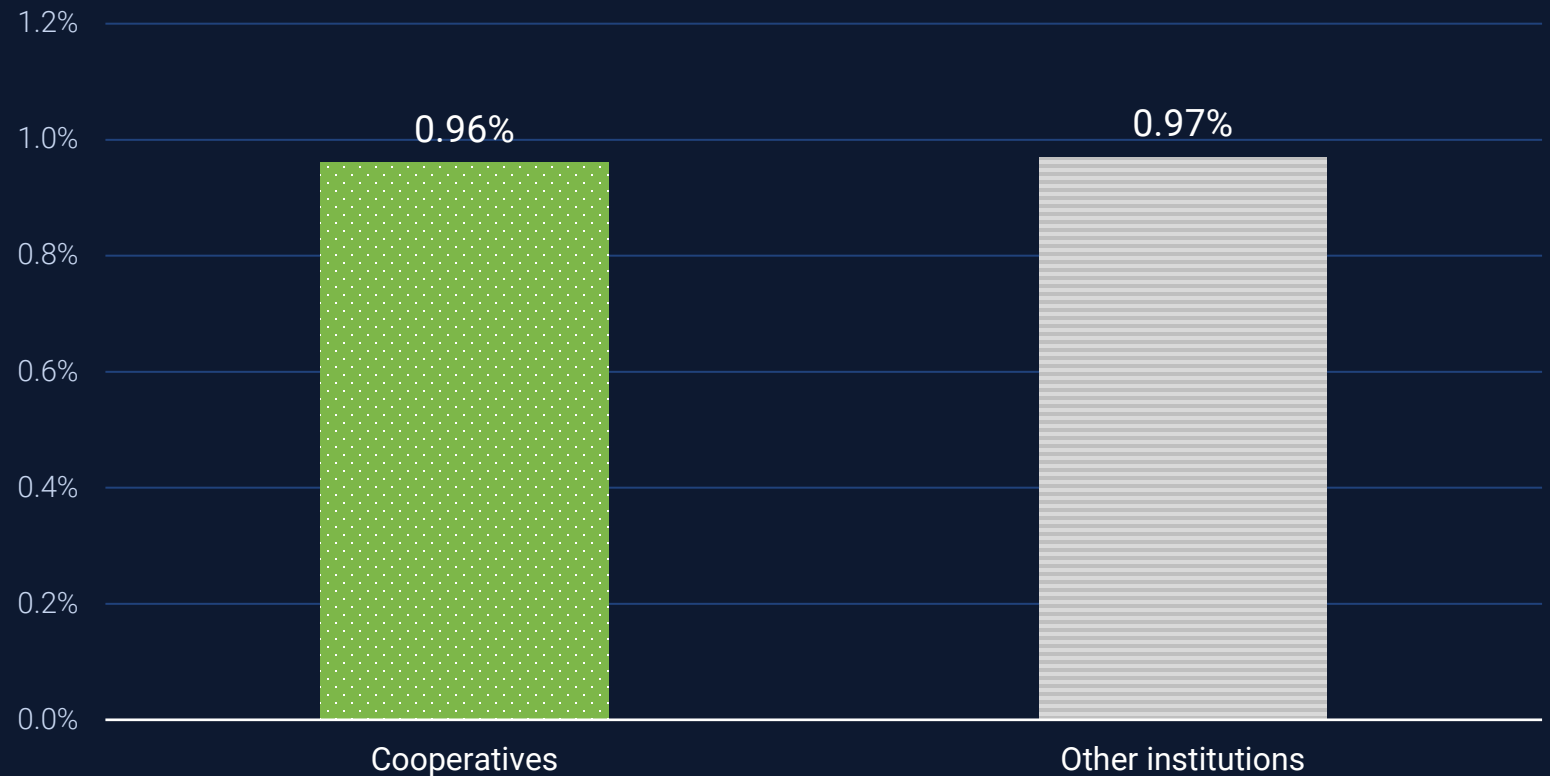
Data of businesses in Spain. "CORE" credit investment: Households and companies

## No difference in profitability between the two groups

Significant improvement in profitability in both groups after the interest rate hike cycle. Particularly marked in the case of cooperatives (ROA x 2.5 since 2017).

Differences in efficiency are minor (44.3% vs 44.4%). Efficiency has improved overall, particularly among cooperatives (from 59% in 2017 to 44.3% in 2025)

ROA JUN-25



SOURCE: Banco de España

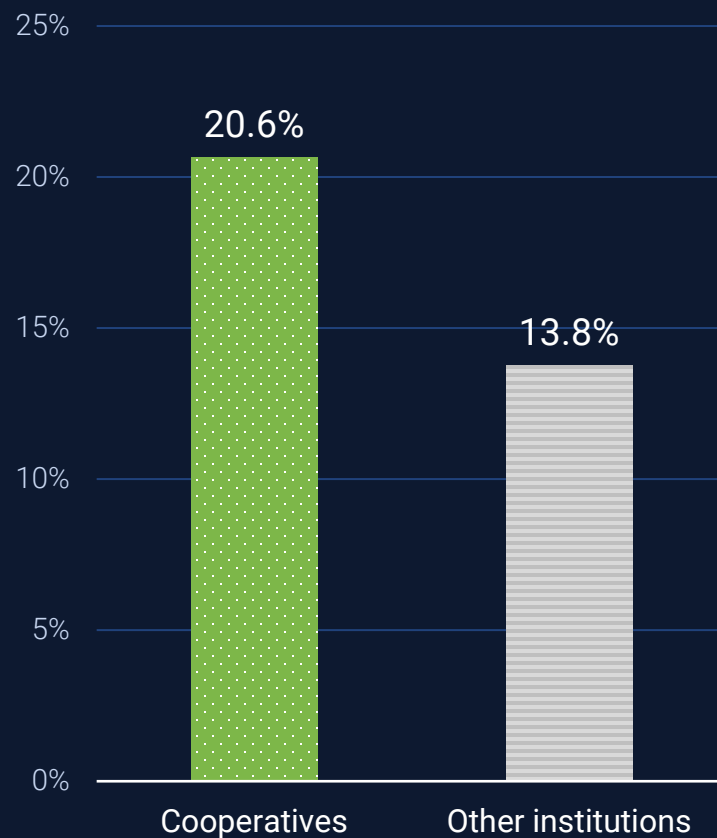
Consolidated data

Efficiency ratio= operating expenses / Gross margin → The smaller the better

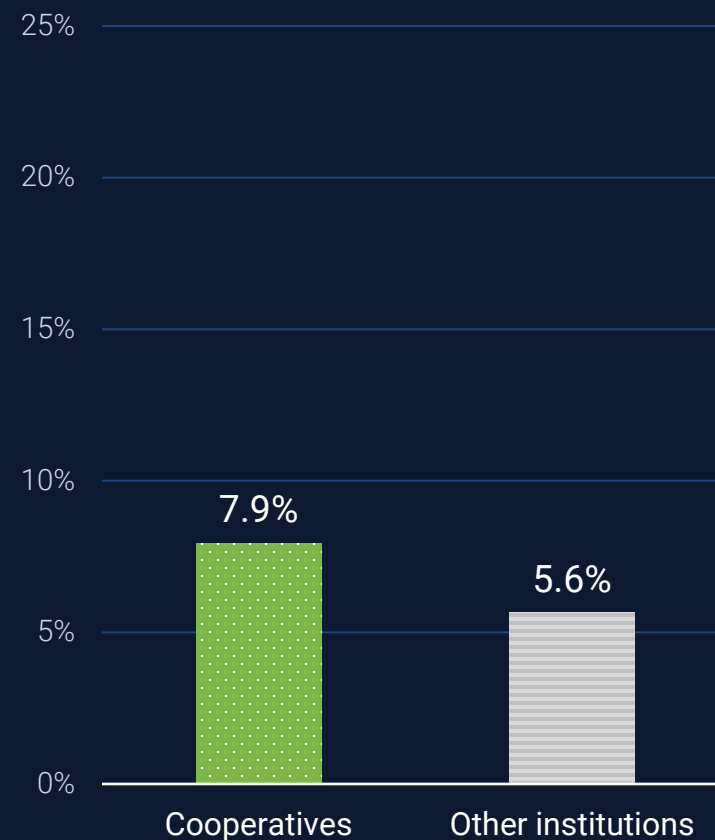
## With regard to solvency, cooperatives are well positioned compared with the rest of the sector

Ongoing, significant improvement in both groups, which is clearer in the case of CET1, and especially among cooperatives (since 2017, CET1 up from 15% to 20.6%)

CET1 RATIO  
JUN-25



LEVERAGE RATIO  
JUN-25



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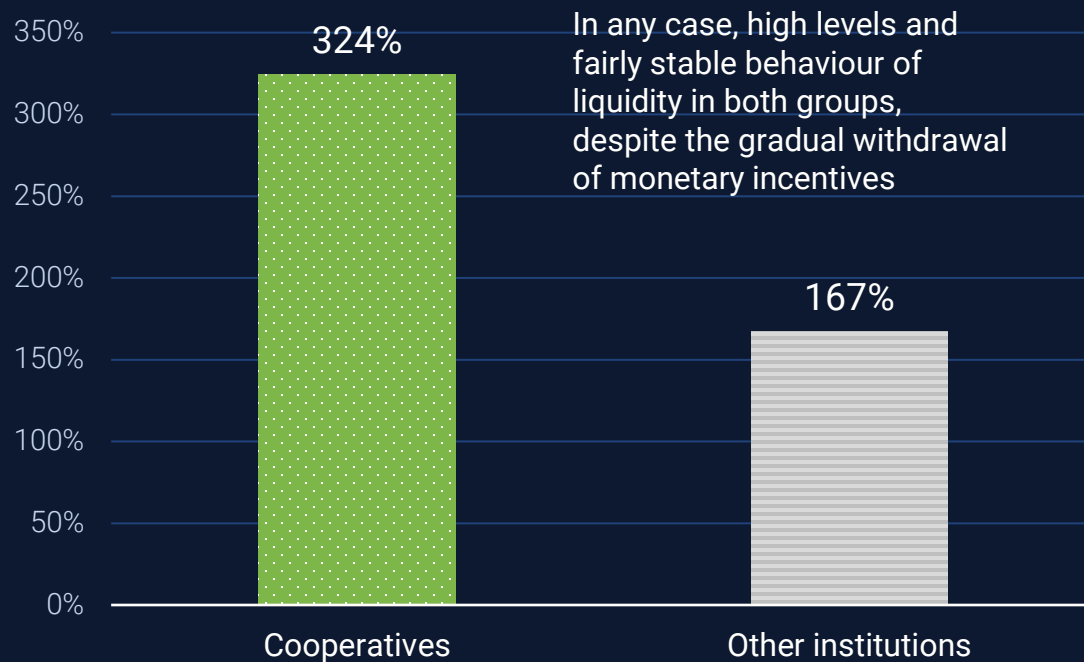
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## 3.3 SITUATION OF COOPERATIVES

## Cooperatives also stand out in terms of liquidity

Due to the greater weight of stable retail in their liabilities and a more conservative strategy

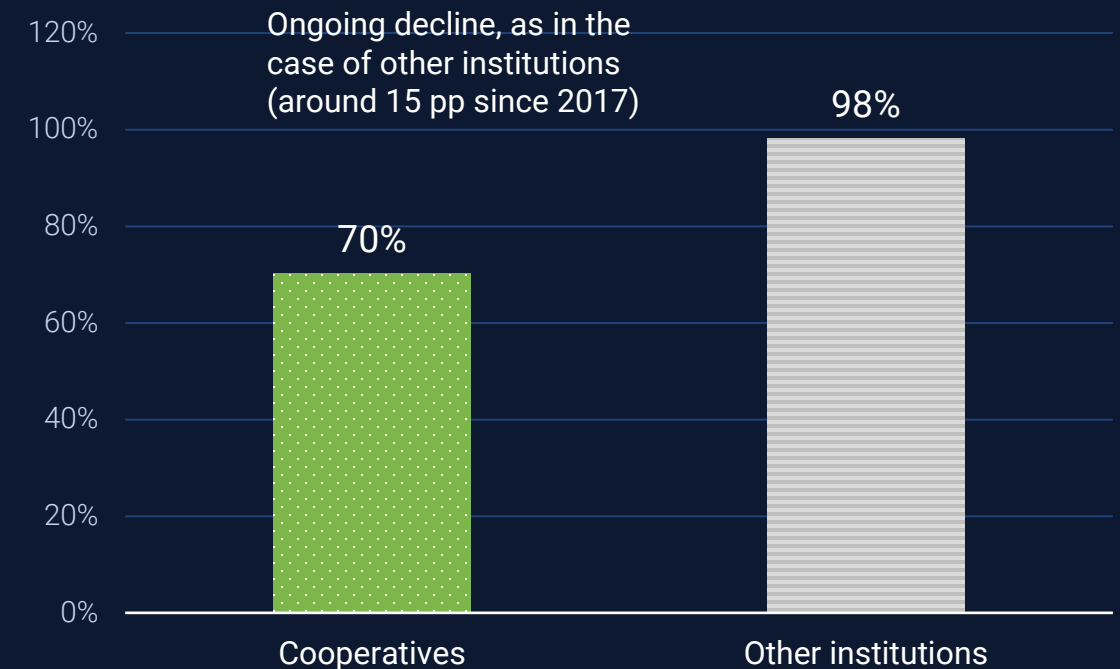
### LCR JUN-25



## With a low loan-to-deposit ratio

This may also indicate some difficulty in finding investment opportunities

### LTD JUN-25





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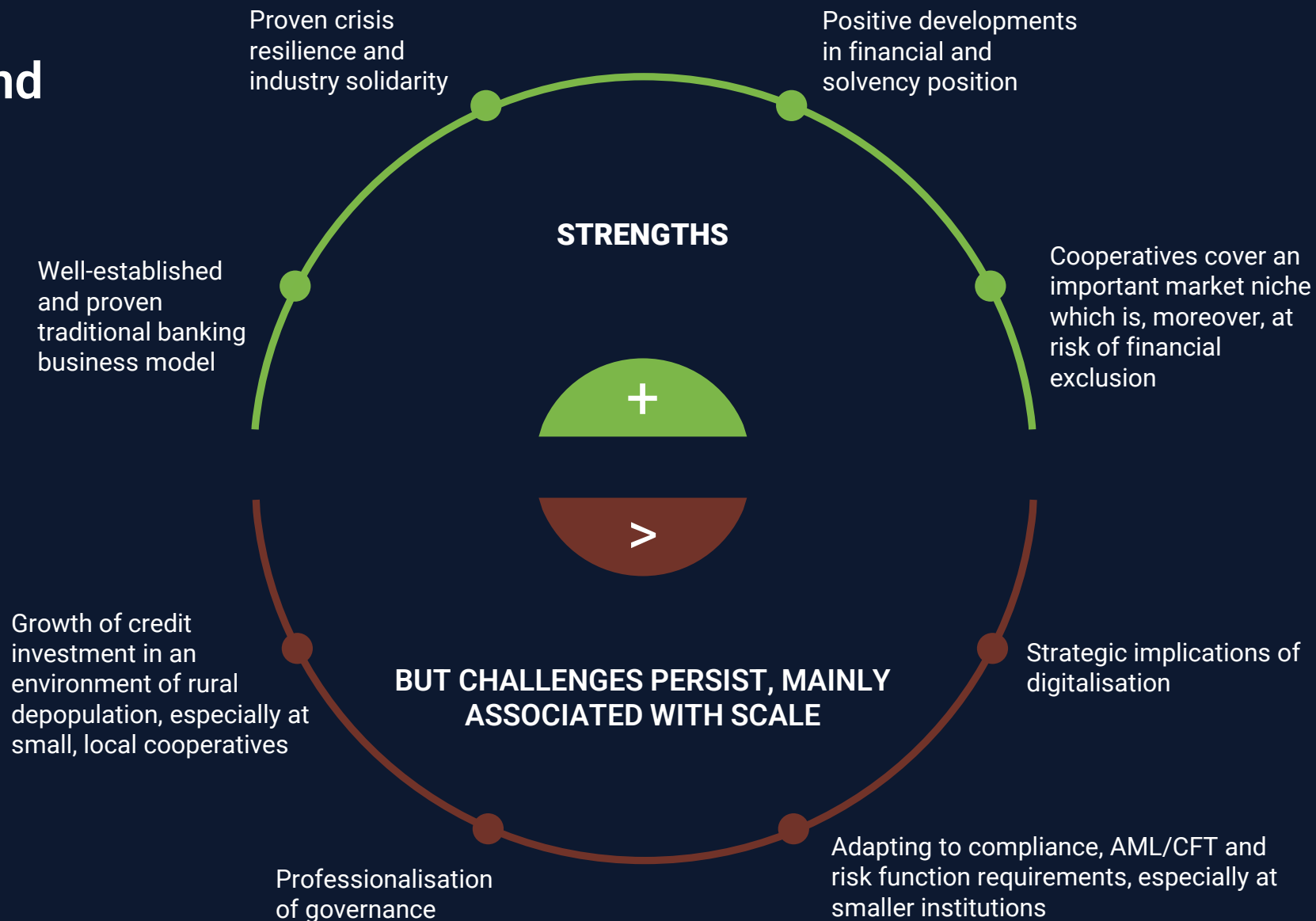
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## Strengths and remaining challenges



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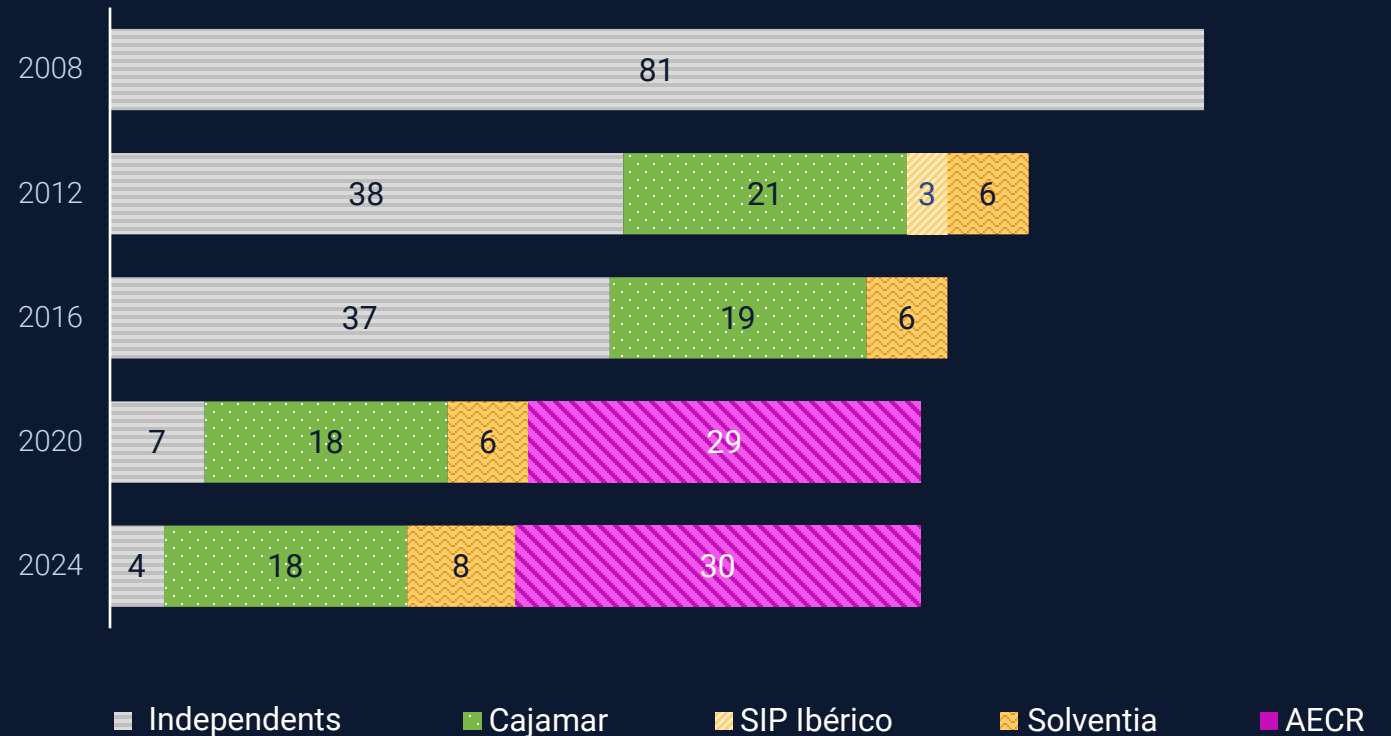
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## 3.4 CHALLENGES AND OPPORTUNITIES

## Addressing challenges

Credit cooperatives have benefited from the synergies of merging/collaborating in areas such as internal control, IT, reporting, liquidity, etc.

### SECTOR DEVELOPMENTS (NUMBER OF COOPERATIVES)



Regulatory simplification and proportionality would help to mitigate these challenges

# Thank you for your attention

