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Address at CREO 2025 Forum*

Cinco Días

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* English translation from the original in Spanish.

I would like to thank Cinco Días for their kind invitation to participate in this second edition of CREO, a forum for reflection and debate on Spain's economic future and the challenges facing the financial system. Today two fundamental areas for our country's development and growth have been addressed.

First, the technology and innovation industry, which is key for driving a state-of-the-art, efficient and competitive economy.

Second, the banking sector, which is essential in any economy for channelling the funds needed to make business investments and meet consumer needs.

Starting with the banking sector, the first point to highlight is the prominent role it plays in our economy:¹ the latest National Statistics Institute (INE) data show that the financial sector has contributed more than 5% of gross value added to the Spanish economy, above the European average. Moreover, it generates slightly more than 1% of employment in Spain. The banking sector is the main pillar of the financial industry, which also includes the insurance sector and other financial intermediaries.

As you are all aware, the Spanish banking sector is in good health, having undergone a major transformation in recent years. Indeed, the current Spanish banking landscape looks little like that of 15 years ago. The great financial crisis triggered a series of legislative reforms, propelled by the Basel Capital Accord, which strengthened banking solvency and fuelled advances in other areas, such as governance. All this led to an improvement in risk management, which is key to ensuring the good health of the sector.

Thanks to this prudent risk management, Spanish banks now have historically low non-performing loan ratios, profitability levels above the European average and significantly more robust solvency levels than in the past. These legislative and management changes have also been accompanied by a new supervisory framework: the Single Supervisory Mechanism for the leading banks, or so-called "significant institutions", which in Spain account for 94% of total banking sector assets.

As has already been noted during today's session, the banking sector faces a range of challenges, some unique to it and others shared by the economy as a whole.

Among the latter, the present uncertain global environment cannot go unmentioned. The new geopolitical setting, in which trade positions are still unclear, will undoubtedly affect the global economy. The projection models suggest that the direct impact on the Spanish economy will not be very significant. However, there could clearly be an indirect impact through other economies with which we have closer ties. In consequence, the banking sector will have to keep a close watch on credit risk developments, especially in the sectors that are, a priori, most exposed to changes in the new international trade order. Other risks – such as liquidity or market risk – should also be monitored in view of the potential impact of possible financial market instability owing to unexpected events.

¹https://www.ine.es/dyngs/INEbase/en/operacion.htm?c=Estadistica_C&cid=1254736177056&menu=ultiDatos&idp=1254735576581

Another challenge faced by all economic sectors is adapting to the ongoing technological revolution, as the use of technology clearly affects the financial industry, albeit not exclusively. The emergence of new tools, new communication channels, new competitors, etc., poses a challenge for the banking sector, as banks will have to make major investments within a pre-defined strategic framework.

New technologies – today notably including artificial intelligence – represent a business opportunity, paving the way for new banking products more in line with customers' needs and delivered through new, faster channels. Although the use of artificial intelligence by banks is not yet widespread, it is a galvanising factor that will prompt efficiency gains, reducing costs and boosting profitability.

Banks' use of technology and artificial intelligence will have to be prudently managed, as they increase operational risk, owing to possible system failures or cyberattacks. Banks must be ready to quickly and diligently manage any such failures, as well as the risks associated with reliance on third-party providers for certain critical activities. Moreover, the use of artificial intelligence has ethical connotations that must also be considered, avoiding undue bias or inexplicable results.

As it advances in this unstoppable digitalisation process, the banking sector, as an essential service provider, cannot leave anyone behind. This is why it must continue its efforts to ensure access to banking services for population groups who face the most barriers, whether due to a digital divide, physical distance from a bank branch or their lack of the basic financial knowledge to make sound economic decisions.

The last challenge I wish to mention briefly here today is the sustainable transition of the banking sector. Although banking is not a highly polluting sector per se, it does play a leading role in enabling all productive sectors to transition towards a more sustainable economy. Sustainability and competitiveness are two essential and interlinked concepts; a sustainable economy tends to be more competitive because it uses fewer resources. The banking sector should play a leading role in providing appropriate funding for that transition, for which purpose it needs both data and metrics. In the current debate on regulatory simplification under way at various fora, one of the focal points is sustainability reporting. Certainly, we need to reflect on this and other requirements, but any attempt to simplify firms' sustainability reporting must not compromise the harmonised or sufficient disclosure of critical metrics and data points for climate and nature-related risk management.

We need to move towards a more sustainable and competitive economy, and the banking sector will play an essential role in that process.

Moreover, as I mentioned at the start, the technology and innovation industry is key, to boost our economy and make it more competitive and productive.

The role of the technology and communication sector is particularly crucial. Compared with the European Union (EU) average, it accounts for a smaller share of the Spanish economy in terms of gross value added (6% versus 8%) and employment (4% versus 4.5%). But our economy is very well positioned for technological change for various reasons. First, Spain has good digital skills; indeed, in 2023, 66% of the Spanish population aged between 16

and 74 had high digital skills, the fourth highest figure in the EU after the Netherlands, Finland and Ireland. It also has a good digital infrastructure, with a high penetration rate of high-speed networks. In 2023, 96% of households had access to high-capacity networks, the third highest figure in the EU.

Second, Spanish firms are very open to adopting and using digital technologies. According to a recent survey by the European Investment Bank,² innovation and digitalisation are the key to our firms' competitiveness and Spain leads the way in the use of advanced digital technologies (80% versus 74%).

Third, the industrial production index of high-tech manufacturing industries has risen more in recent years than among our main European peers. Indeed, since 2021 this sector has grown by more than 25% in Spain, compared with 12% in France and 2% in Germany.

In short, integrating new technologies and artificial intelligence in the banking and tech sector presents significant opportunities for achieving efficiency gains, reducing costs and boosting profitability. But this progress must be prudently managed, taking into account operational and ethical risks, as well as the need for digital inclusion.

Furthermore, the banking sector has an essential role to play in the transition towards a more sustainable economy, providing appropriate funding and correctly managing risks, drawing on data and metrics backed by clear sustainability reporting. Spain's technological environment is well positioned to continue leading in innovation and digitalisation, with a highly skilled population and state-of-the-art digital infrastructure. As we move forward, collaboration between these sectors will be vital to drive a more competitive, productive and sustainable economy.

²[https://www.eib.org/en/press/all/2025-056-eib-investment-survey-shows-that-spanish-companies-have-better-economic-prospects-and-invest-more-than-the-european-average-in-green-transition-and-advanced-digital-technologies#:~:text=Innovation%20and%20digitalisation%20are%20a,74%25\).](https://www.eib.org/en/press/all/2025-056-eib-investment-survey-shows-that-spanish-companies-have-better-economic-prospects-and-invest-more-than-the-european-average-in-green-transition-and-advanced-digital-technologies#:~:text=Innovation%20and%20digitalisation%20are%20a,74%25).)