



EUROPEAN CENTRAL BANK

EUROSYSTEM

Financial Structure(s) in the Euro Area

*All view expressed are those of the speaker
and not necessarily those of the ECB.*

10 May 2023

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DG-Statistics



Overview

- 1** **Financial structure**
- 2** Financial structure – relative weight of intermediaries
- 3** Financial Structure - international comparison

Financial Structure

The financial structure is made up of the **financial markets**, **intermediaries** and **instruments** fulfilling the financing requirements (of the euro area economy).

Different **financial intermediaries**:

- Monetary financial institutions (MFIs);
- Insurance Corporations and Pension Funds (ICPFs):
- Other financial corporations including non-money market funds, investment funds, other financial intermediaries and financial auxiliaries, as well as captive financial institutions and money lenders.

ECB Report on “Financial integration and Structure in the Euro Area”



Next issue in Spring 2024

Financial Integration and Structure in the Euro Area

ECB Committee on Financial Integration April 2022

April 2022

April 2022

ECB Report on “Financial Integration and Structure in the Euro Area”

Focus on the **structural developments** in the financial system of the euro area and related policy issues.

- Developments in **financial integration** across member countries;
- Changes in **financial structure**;
- Financial development or modernisation (**innovations** in the financial system).

→ The economic and financial implications of the COVID-19

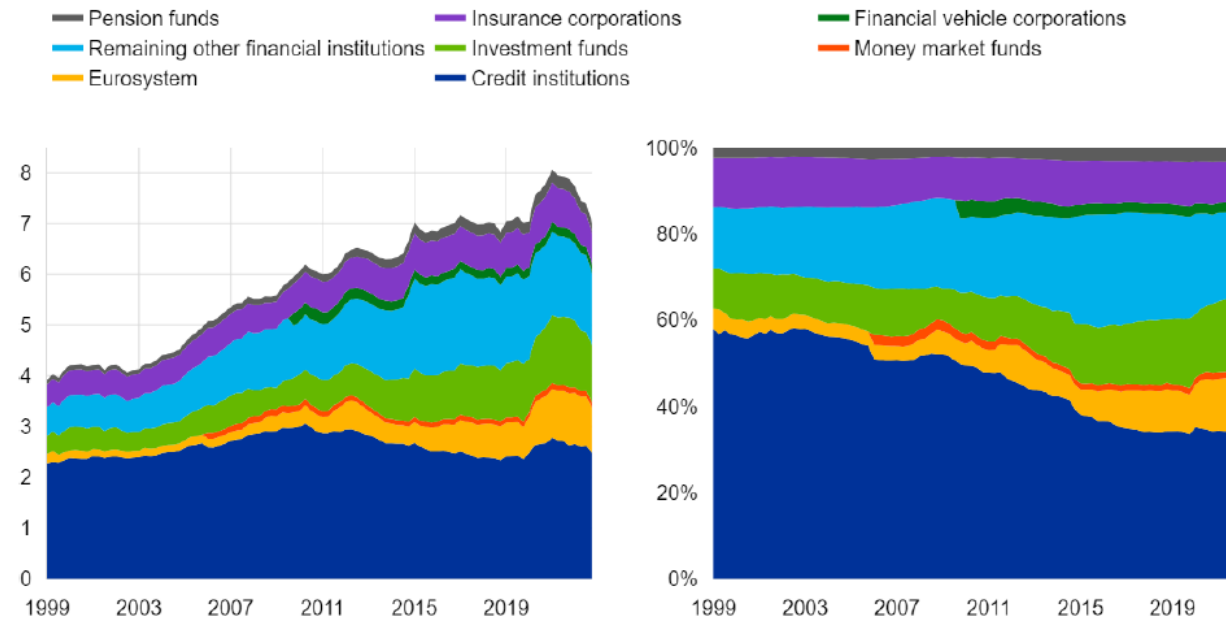
Financial Structure – size

- Total financial size is indicative of the **capacity that a financial system has to channel funds** of agents with surpluses to agents in need of financing for consumption or productive investment purposes.
- The **overall size** of a financial system can be estimated from the assets of financial intermediaries.
- The size of the euro area financial system is now at around **eight times GDP**.

Financial structure of the euro area

Total assets of the euro area financial sector

(ratio to nominal GDP (left panel); percentages (right panel), quarterly data, March 1999 – December 2022)



Sources: ECB.

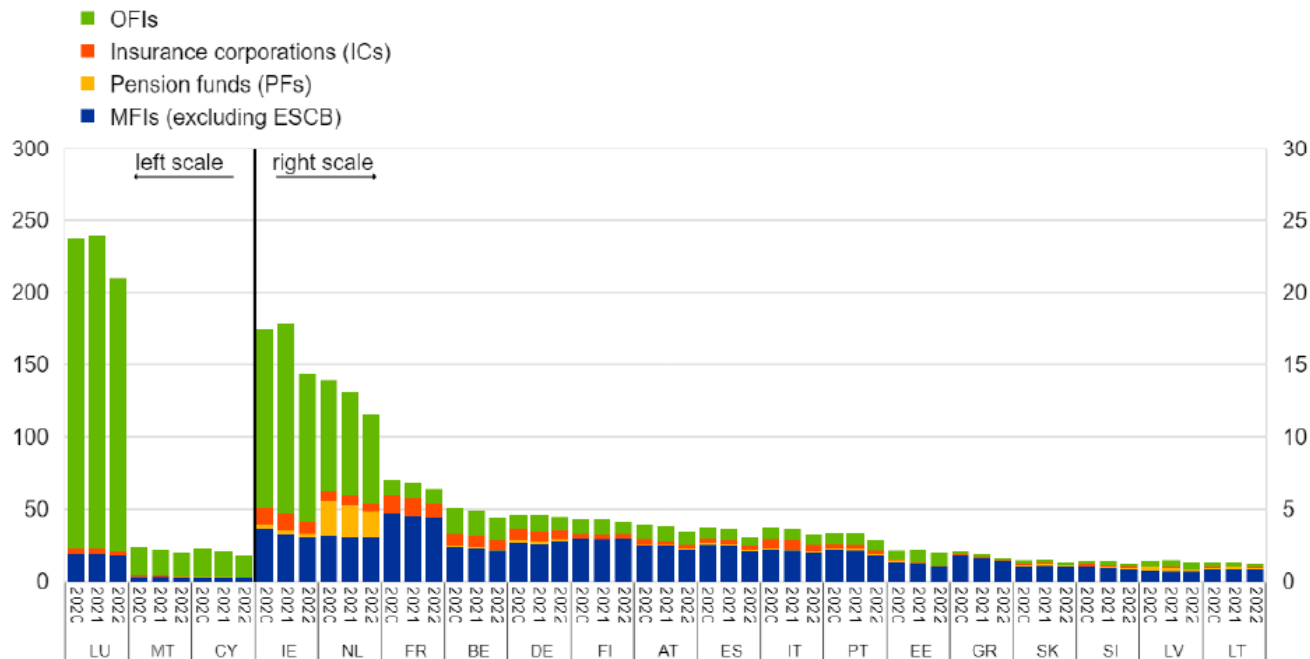
Financial Structure – relative weight of intermediaries

- The **relative role** of MFIs (**credit institutions**) has declined since the global financial crisis.
- **Non-bank financial intermediaries** have gradually been playing a more important role, with the investment funds sector channeling increased amounts of debt and equity financing to the euro area economy.
- The assets of **non-bank financial intermediaries** have surpassed in size the euro area banking sector's assets since mid-2013.

Financial structure of the euro area

Size of the euro area financial sector

(ratio of assets to GDP, annual data, 2020 – 2022)



Sources: ECB (euro area accounts, monetary financial institutions balance sheet items statistics), Eurostat and ECB calculations.

Size of the euro area financial sector
(ratio of assets to GDP, annual data)

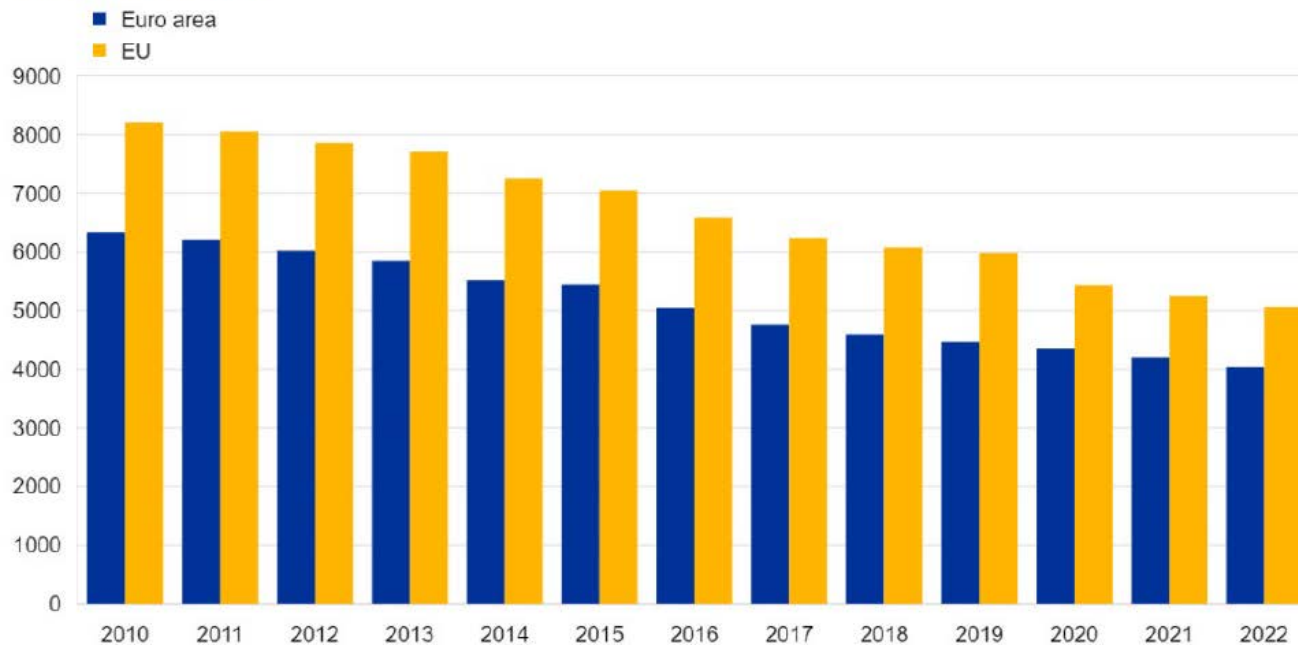
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Financial structure of the euro area

Number of credit institutions

(annual data, 2010 – 2022)

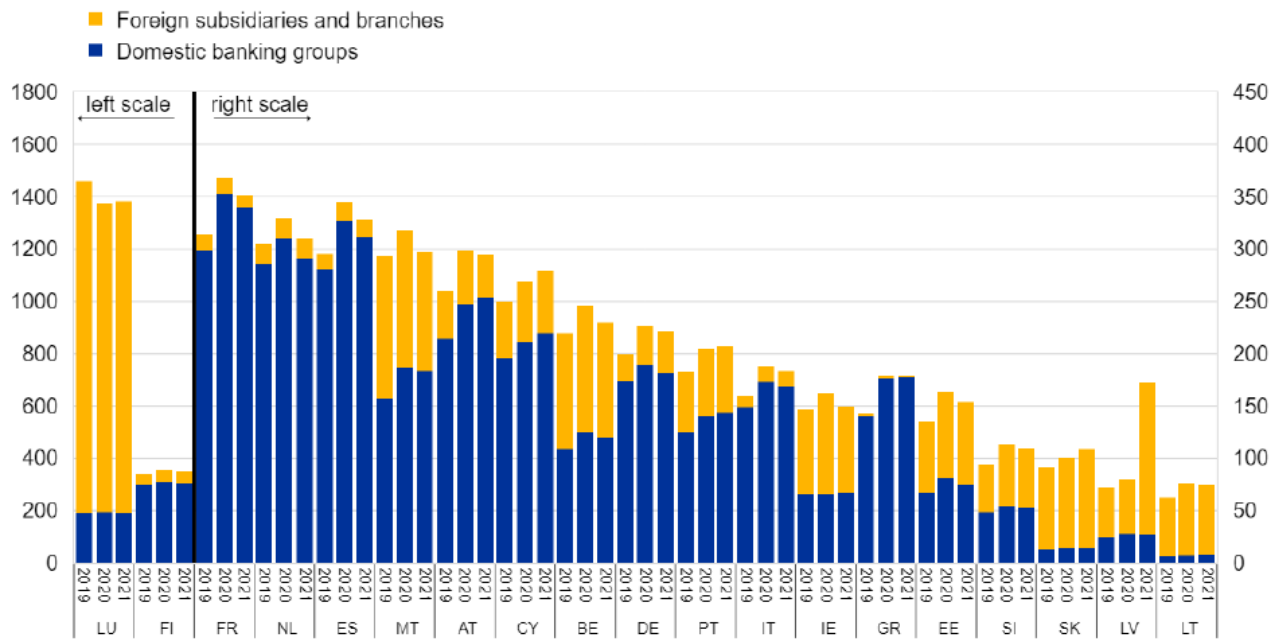


Sources: ECB (MFI statistics).

Financial structure of the euro area

Total assets of domestic banking groups and foreign-controlled subsidiaries and branches in relation to GDP in euro area countries

(percentage, total assets for banking groups and foreign-controlled subsidiaries and branches, annual data, 2019 – 2021)

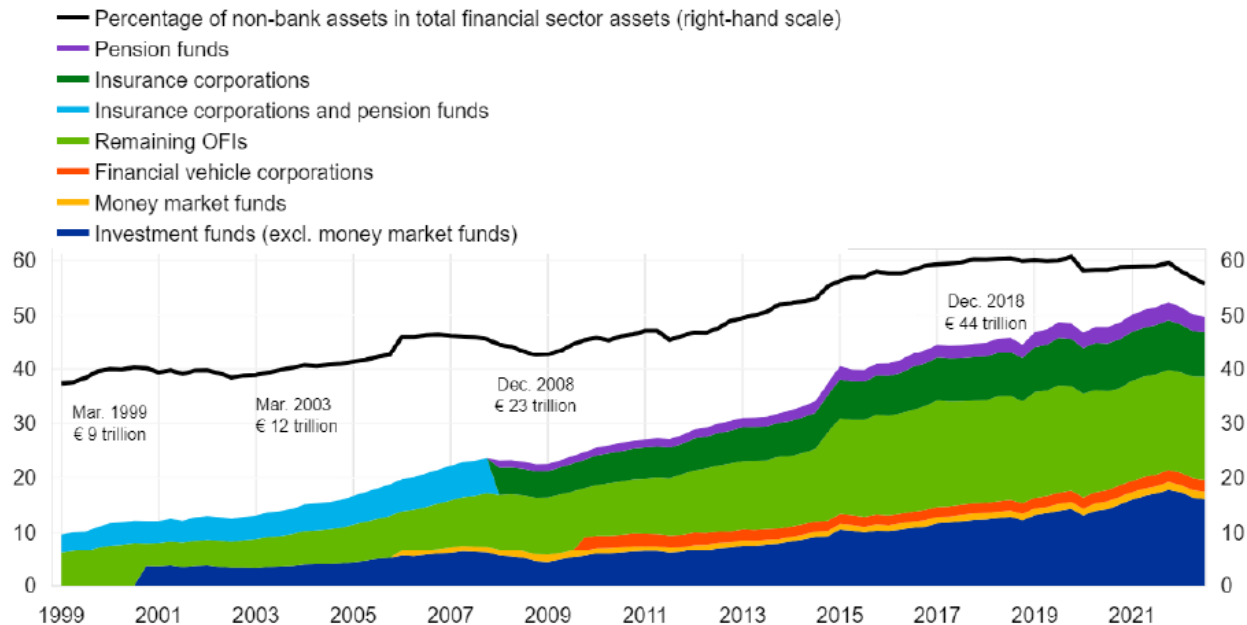


Sources: ECB Consolidated Banking Data (CBD) and ECB calculations.

Financial structure of the euro area

Total assets of the non-bank financial sector

(EUR trillions, quarterly data, Q1 1999 – Q3 2022)

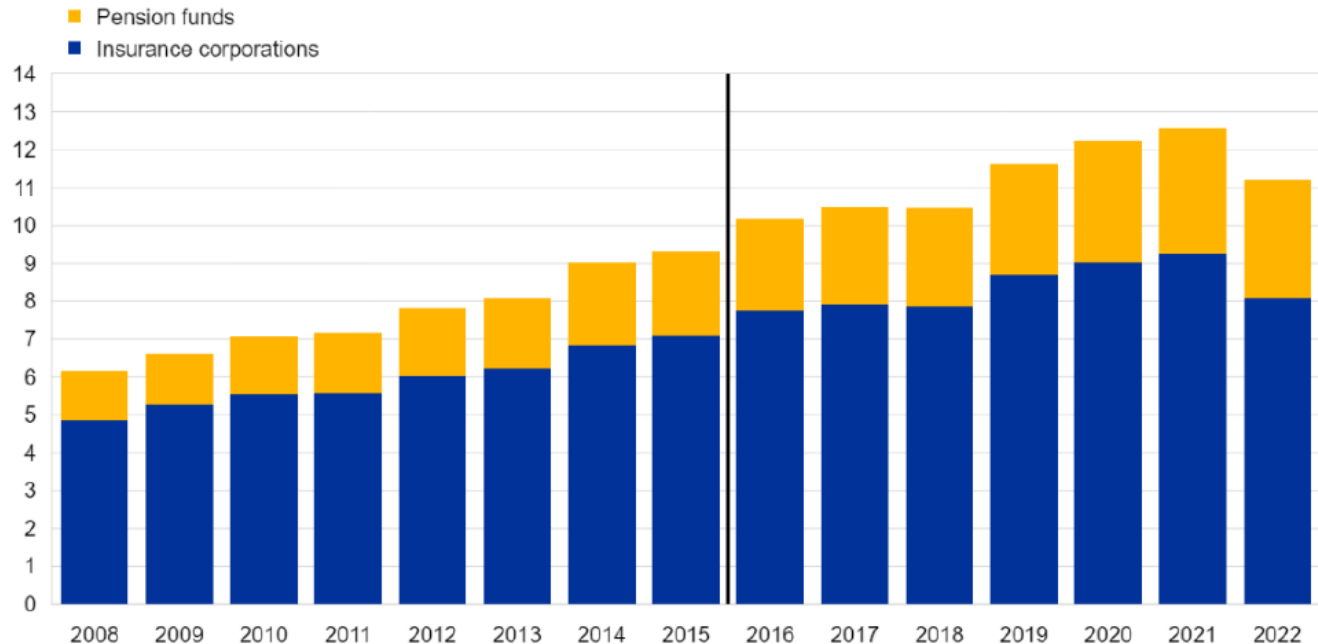


Sources: ECB (EAA, MFI BSI statistics, investment fund balance sheet statistics, IC and PF balance sheet data, FVC asset and liability statistics) and ECB calculations.

Financial structure of the euro area

Total assets of euro area ICPFs

(EUR trillions, 2008 – 2022)

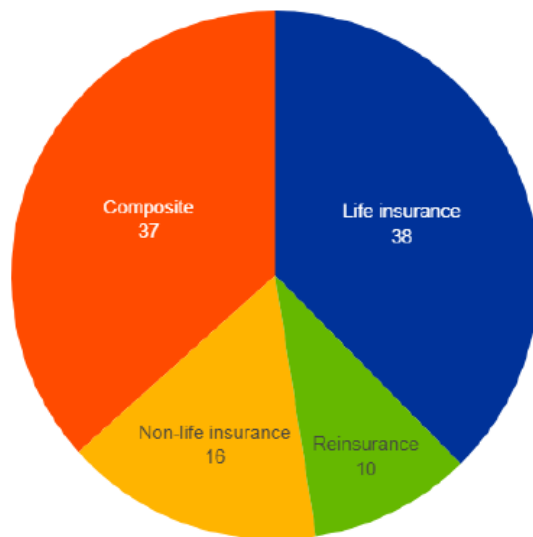


Sources: ECB (IC and PF balance sheet data).

Total assets of euro area insurance firms – by type

Total assets of euro area insurance firms – by type

(percentages of total assets, quarterly data, Q4 2022)

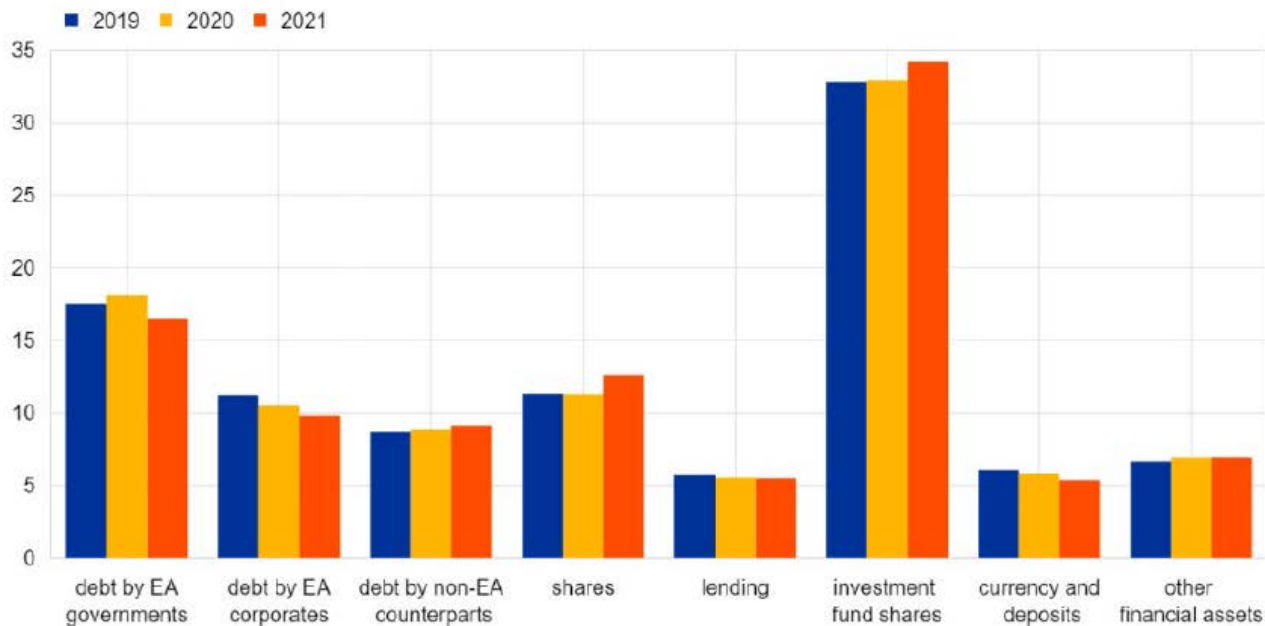


Source: ECB (IC balance sheet data).

ICPF investments by asset class

Breakdown of financial assets – euro area ICPFs

(2019 – 2021; percentage of financial assets)

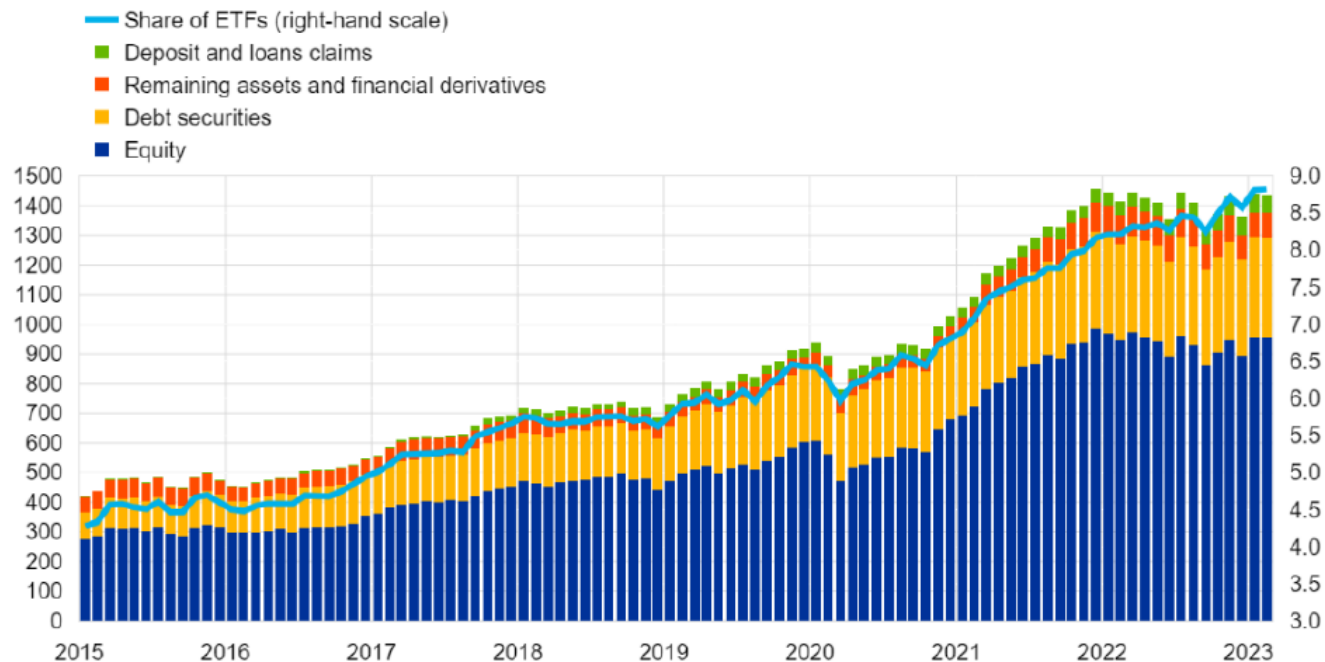


Source: ECB (euro area accounts).

Financial structure of the euro area

Euro area investment funds – asset composition and relative size of ETFs

(monthly data, Jan 2015 – Feb 2023; EUR billions; percentages)



Sources: ECB (investment fund balance sheet statistics) and ECB calculations.

Where you can find all these statistics ... and much else



Indicators of financial integration and structure in the euro area

https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/financial_integration/html/index.en.html

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AFME, Capital Markets Union Key Performance Indicators



Capital Markets Union

Key Performance Indicators – Fifth Edition

European Capital Markets: Five years tracking the development of CMU –
how much progress has been made?

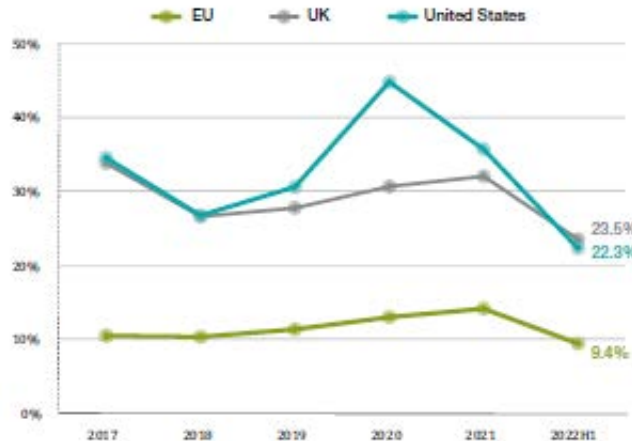
November 2022

Market Finance Indicator (NFC equity and bond issuance as a % of total NFC annual financing)



EU companies continue to over rely on bank lending

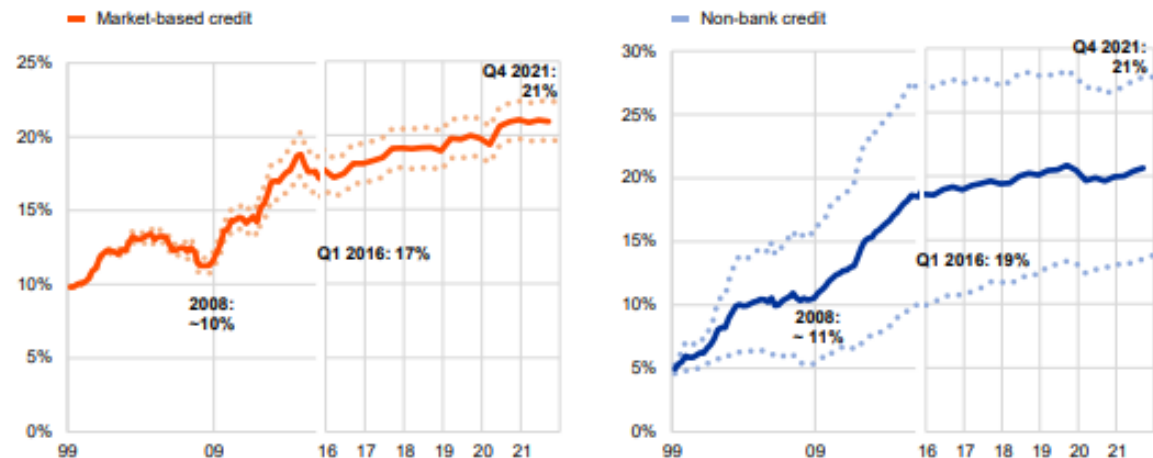
Total capital markets funding for EU NFCs during 2022 H1 was the lowest since 2012



Market Finance Indicator (NFC equity and bond issuance as a % of total NFC annual financing)

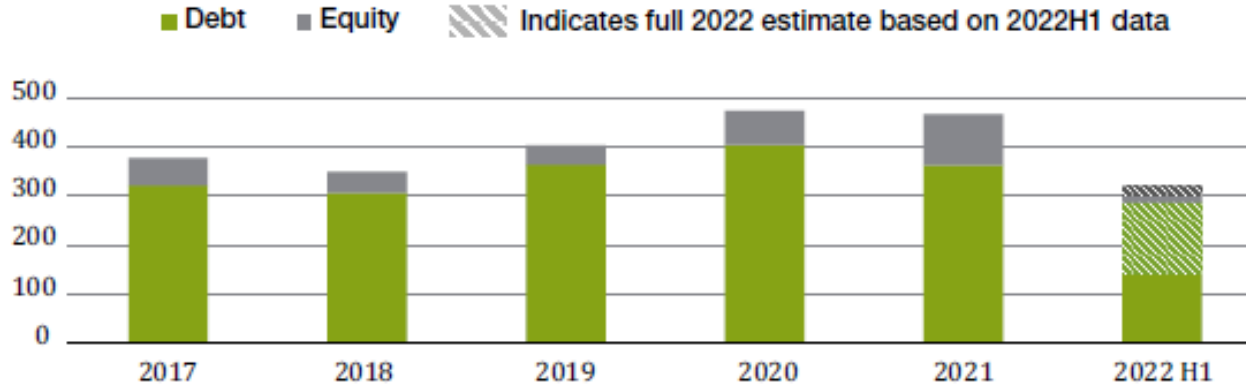
Market-based (left panel) and non-bank credit (right panel) to euro area NFCs

(percentages of NFC credit from financial institutions)



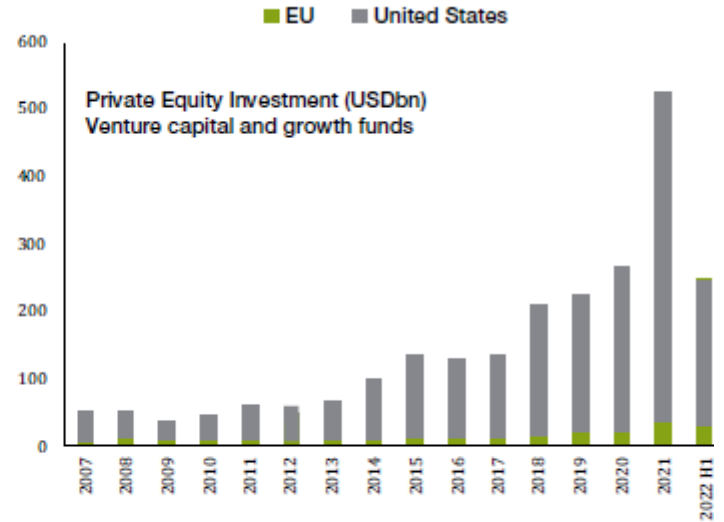
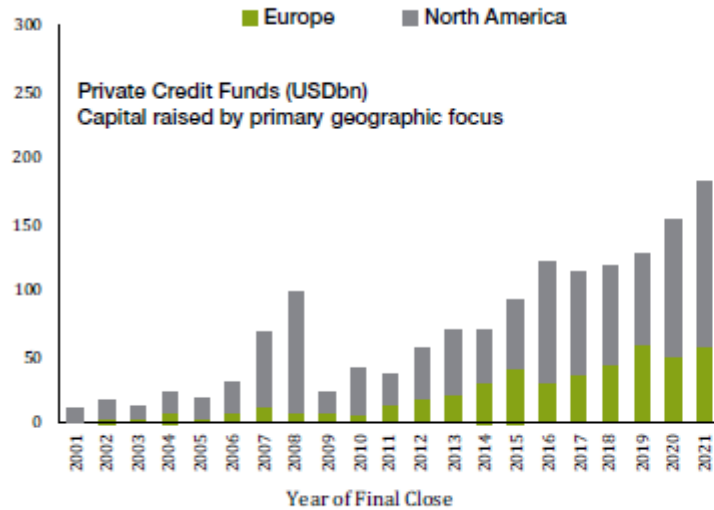
Sources: ECB (euro area accounts, balance sheet item statistics, financial vehicle corporation statistics) and ECB calculations.

Breakdown of EU market finance (EUR bn)



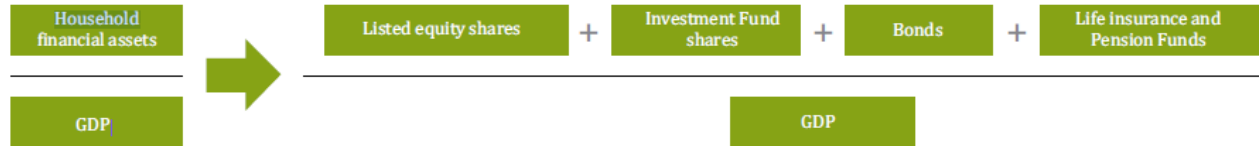
Source: Source: Dealogic, US FED, ECB, BoE and other European central banks

Private funding sources in Europe and US



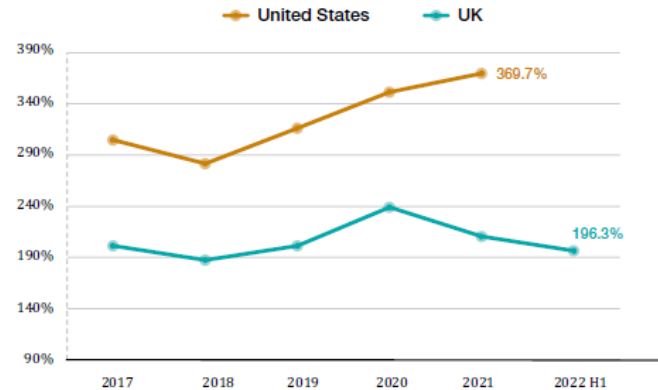
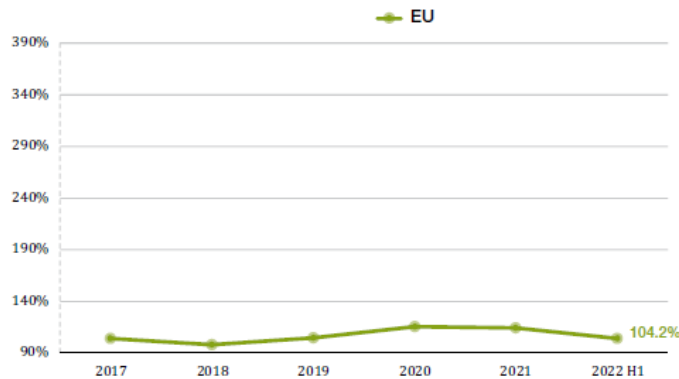
Source: Prequin Pro, Invest Europe and Dealroom

Household market investment indicator

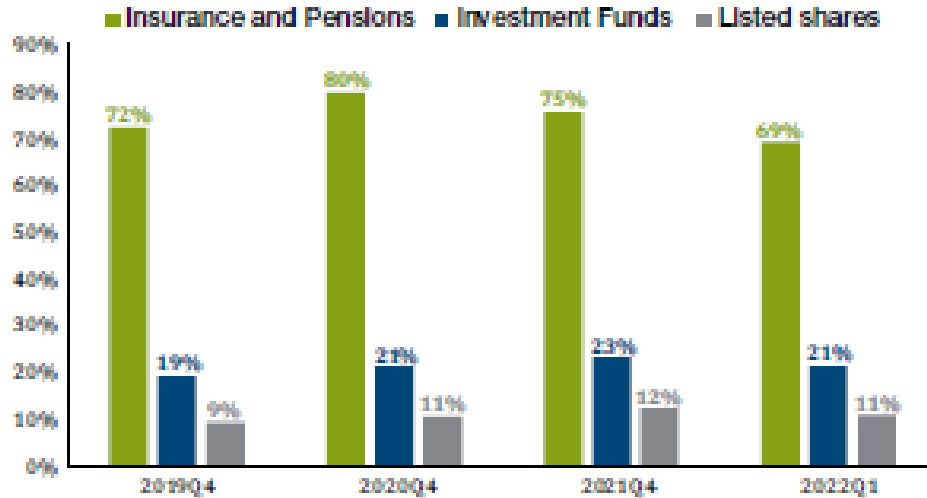


Availability of savings from retail investors to invest in capital markets instruments

3.1: Evolution of Household market investment indicator: Household market financial assets (excluding cash, deposits and unlisted equity) as % of GDP



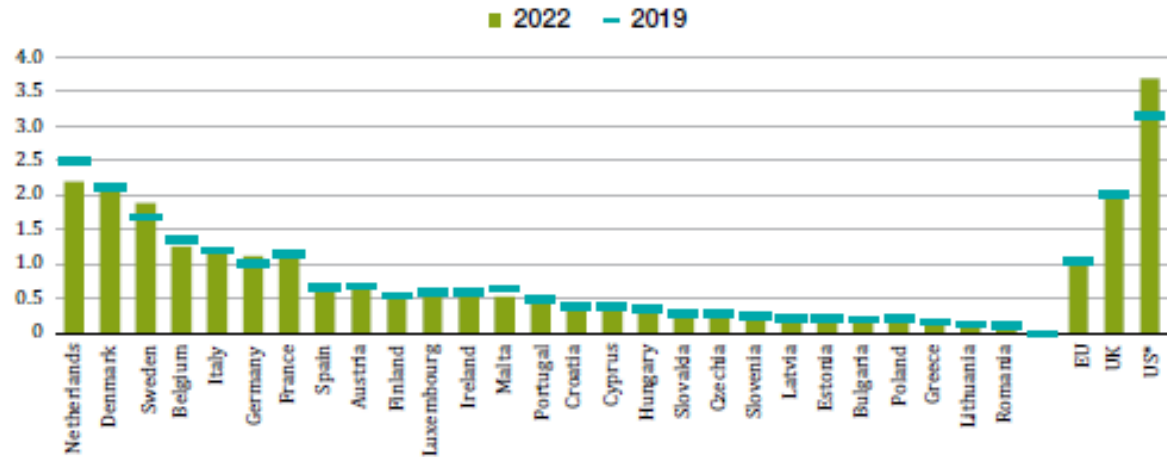
EU households holdings of life insurance and pension funds, investment funds and listed equity (as % of GDP)



Source: Eurostat

Households' capital markets investments as % of household deposits

3.8: Household market investment indicator by European countries



Source: Eurostat and OECD



Thank you for your
attention!

Annex

AFME, Capital Markets Union Key Performance Indicators



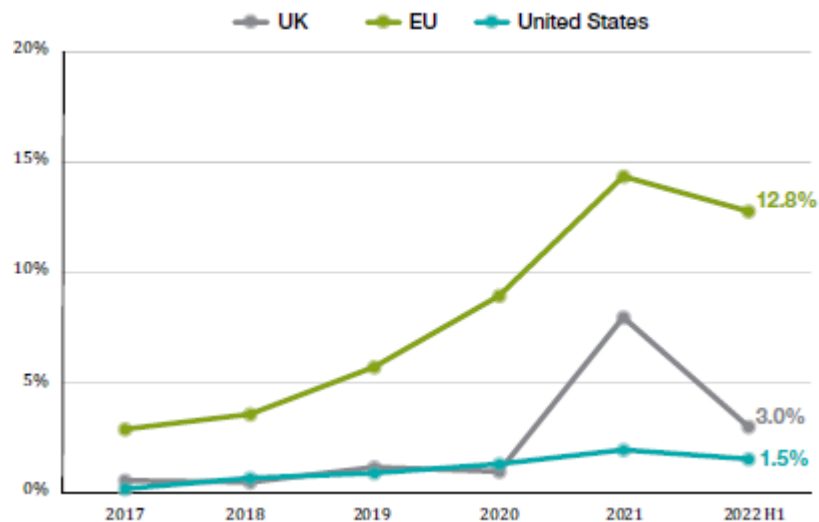
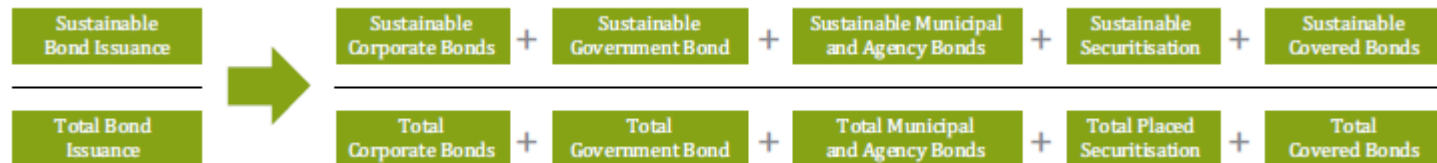
Capital Markets Union

Key Performance Indicators – Fifth Edition

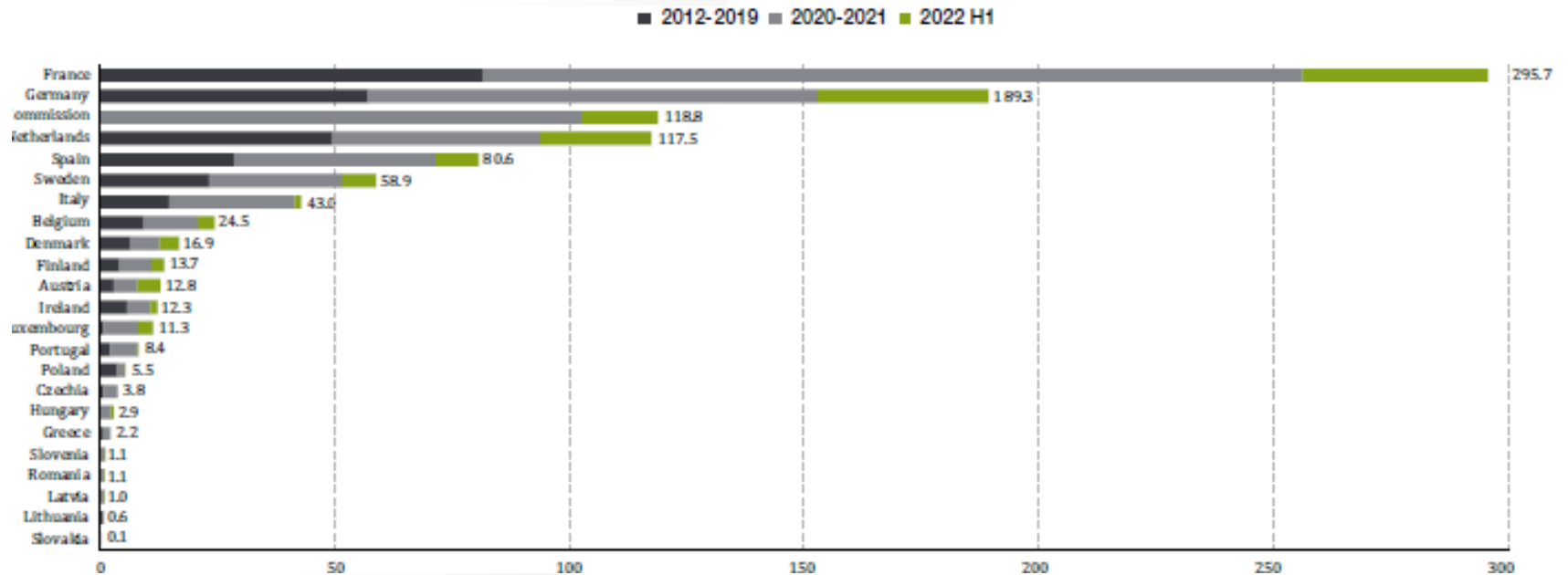
**European Capital Markets: Five years tracking the development of CMU –
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November 2022

ESG Finance indicator (ESG bond issuance as % of total bond issuance)



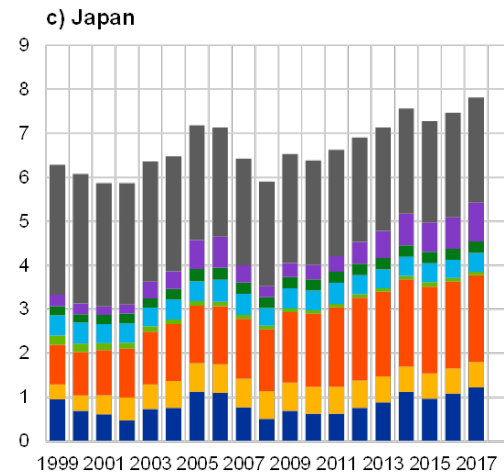
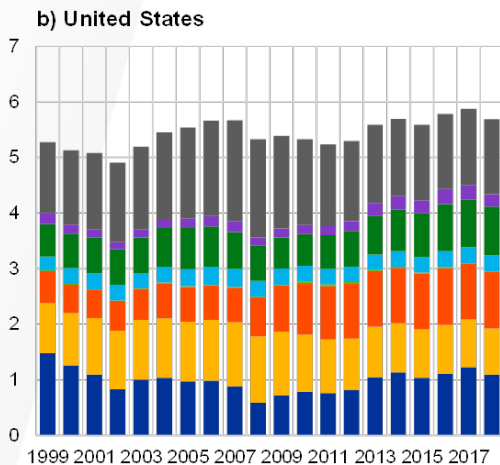
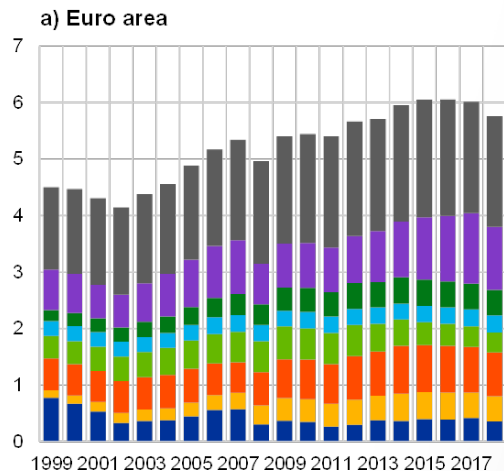
ESG bond issuance by EU countries, EUR bn (2012-2019, 2019-2020, 2022 H1)



Financial Structure - international comparison

(ratio to nominal GDP (left-panels); percentages (right-panels); annual data: 1999-2018)

- Listed shares
 - Non-financial corporation debt securities
 - Government debt securities
 - Bank debt securities
- Trade credits and advances
 - Other equity
 - Unlisted shares
 - Loans



Sources: ECB for euro area and OECD for United States and Japan