Spain sees worse-than-feared economic dip in 2020, rebound next year

Spain’s government forecast yesterday a worse-than-feared contraction of the coronavirus-battered economy this year, but a strong rebound in 2021 with a possible return to pre-pandemic levels in 2022. Inside.

ARMENGOL SAYS HEALTH MEASURES “ARE WORKING:” PAGE 3

Bank of Spain calls for more banking mergers to cut excess

Madrid.—Bank of Spain governor Pablo Hernandez de Cos yesterday called for further banking consolidation in Spain and other European countries to shore up profitability as he warned against keeping lenders with excess capacity alive.

Banks are under pressure in Europe to engage in deals at a time when they are coping with rising bad loans amid the coronavirus pandemic and ultra low interest rates.

Spain is one of the countries with the highest number of branches per 100,000 adults in the world, with nearly 50, compared with Italy’s less than 39 and Germany’s 11, according to 2019 International Monetary Fund data.

“It makes no sense, it is even dangerous to maintain alive lenders with excess capacity,” said De Cos, who also sits on the European Central Bank’s governing council.

De Cos told lawmakers mergers would also be desirable in other European countries and said the lack of cross-border mergers in Europe reflected lower potential cost savings compared to similar transactions at a national level.