

Title of presentation: European banks and banking system amid Covid-19 pandemic

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Abstract

It is widely recognised that banks in Europe play important role in the economy as the main source of external finance for private sector. In many countries banks were at the centre of, both as reasons for and victims of, the euro crisis which peaked in years 2010-12. The following years saw gradual improvement in bank financial situation and in the regulatory environment. However, the unprecedented economic impact of Covid-19 pandemic on the economy might have also extended to banks, and could again translate into both deeper economic contraction now and hinder banks' ability to finance the post-pandemic economic recovery. The presentation starts with the short overview of the situation in the European banking sector since the euro crisis. Then, it concentrates on the period of Covid-19 pandemic to present, first, changes in the bank lending and carry out the analysis on the main potential determinants of bank lending growth during the pandemic. Then, the impacts of pandemic and bank income diversification on bank profitability are presented. Finally, overall influence on the situation of the banking sector and the perspectives for the sector in medium term are described.