



Between dreams and reality

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SUERF – Belgian Financial Forum Colloquium
Cross-border Financial Services: Europe's Cinderella?
Brussels, 15 November 2019 - National Bank of Belgium

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**Capital
Markets
Union**

**Global
competition**

statements

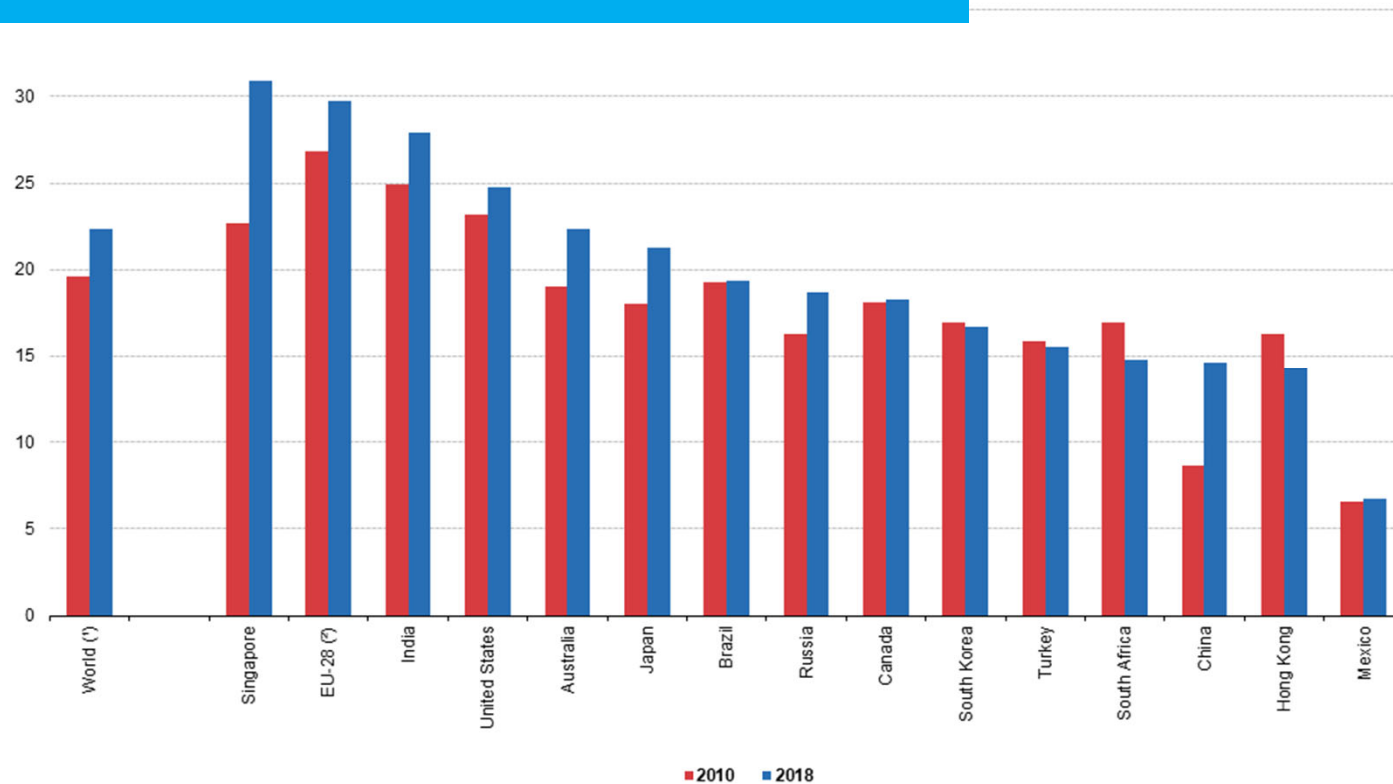
on why no more cross-border
consolidation in European
financial sector

**Banking
Union**

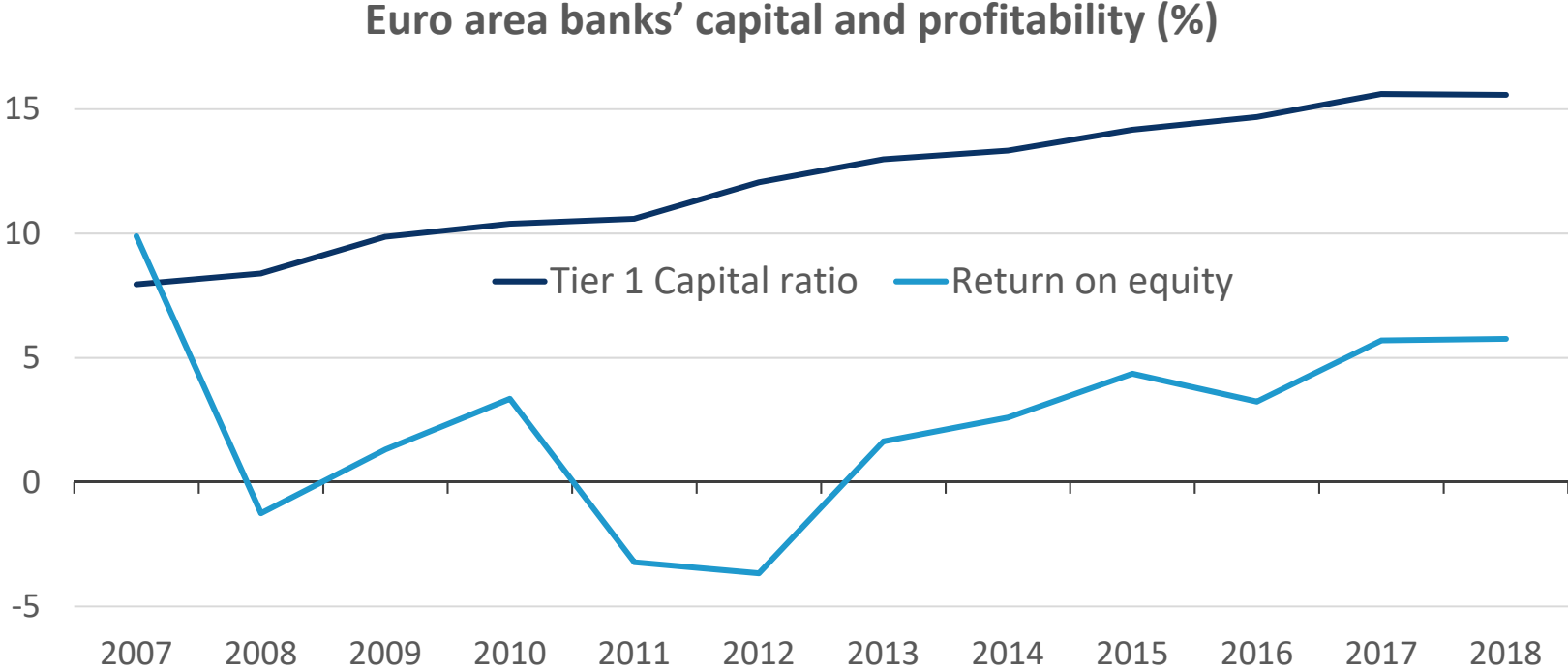
**Economies
of scale**

1. International trade in services is limited in general – home bias dominates

Share of services within total trade of goods and services (%)



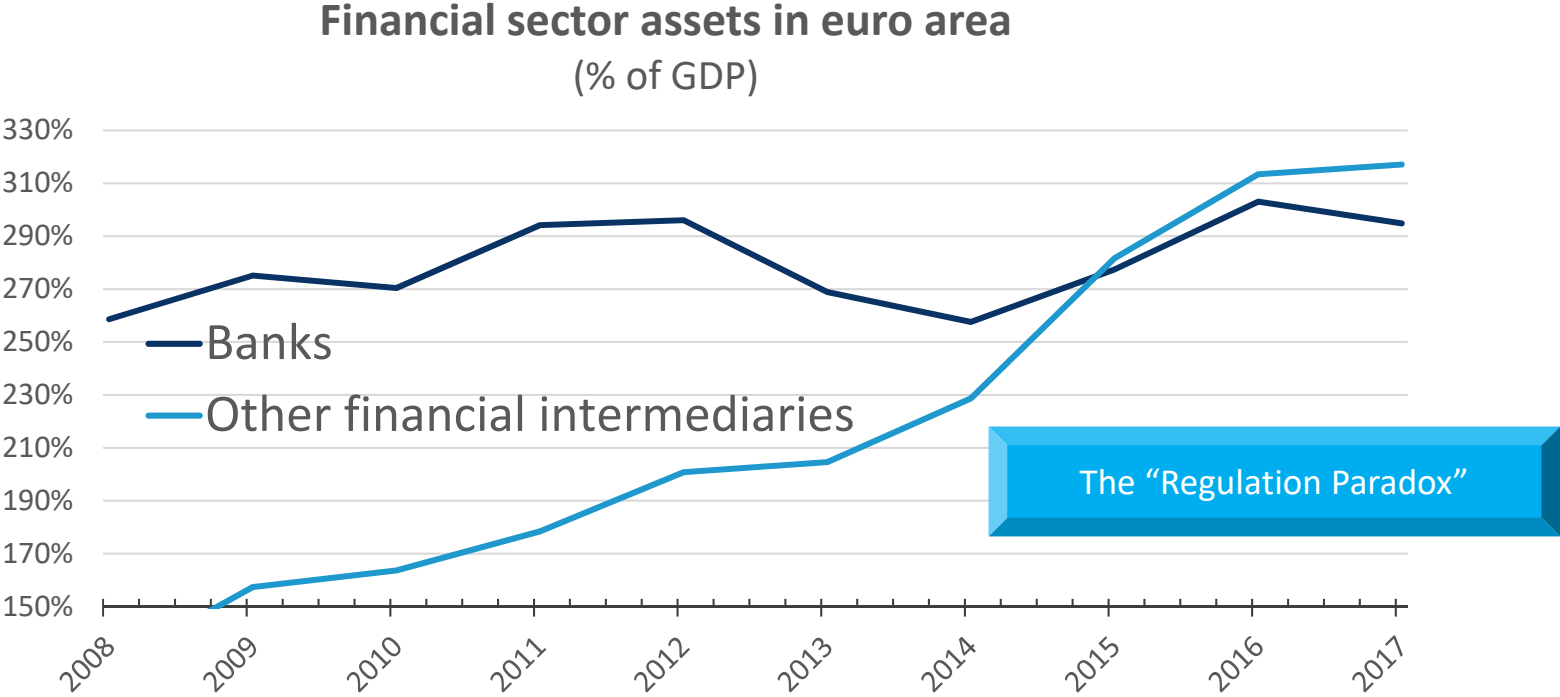
2. Profitability too low for strong M&A activity



Source: KBC Economics based on ECB, Consolidated Banking Data

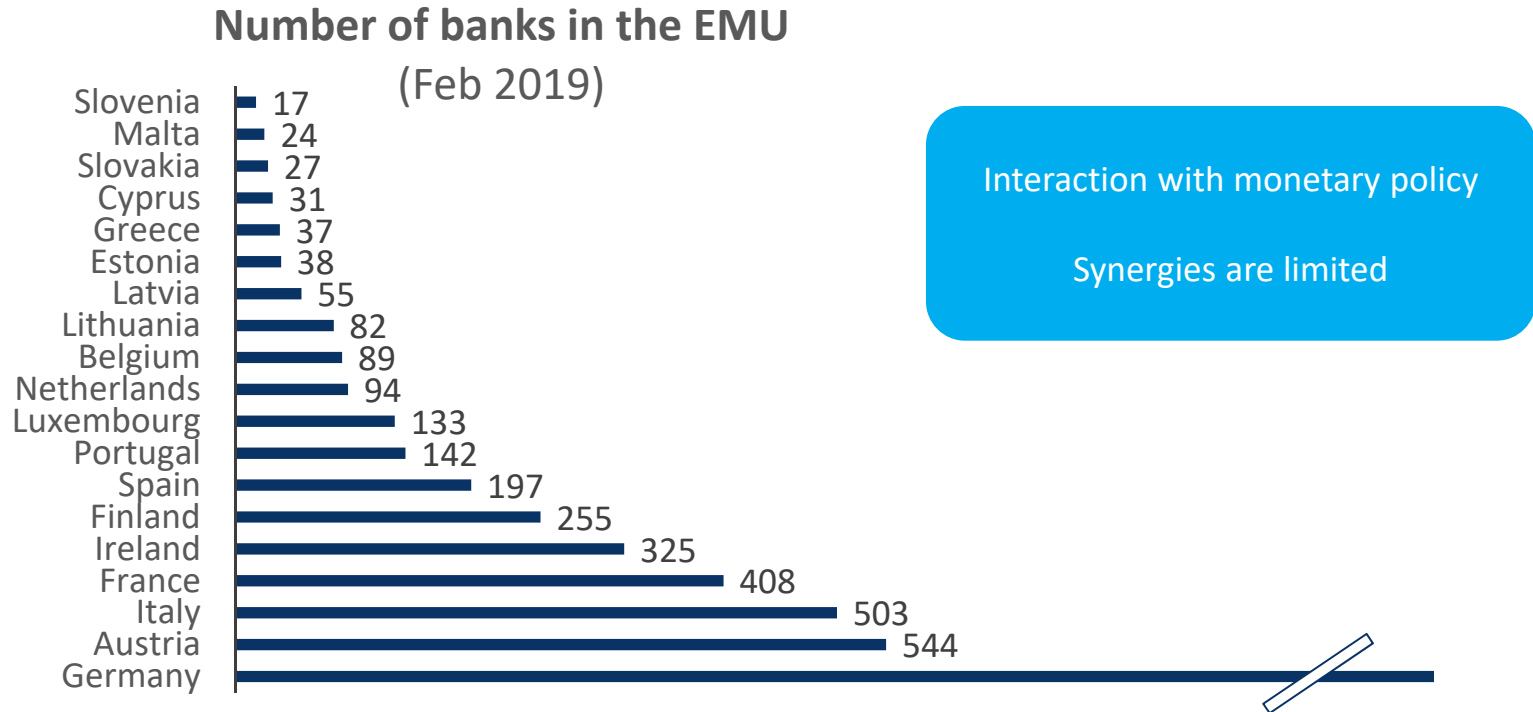


3. Regulatory divergence & lack of regulatory level playing field are major barriers



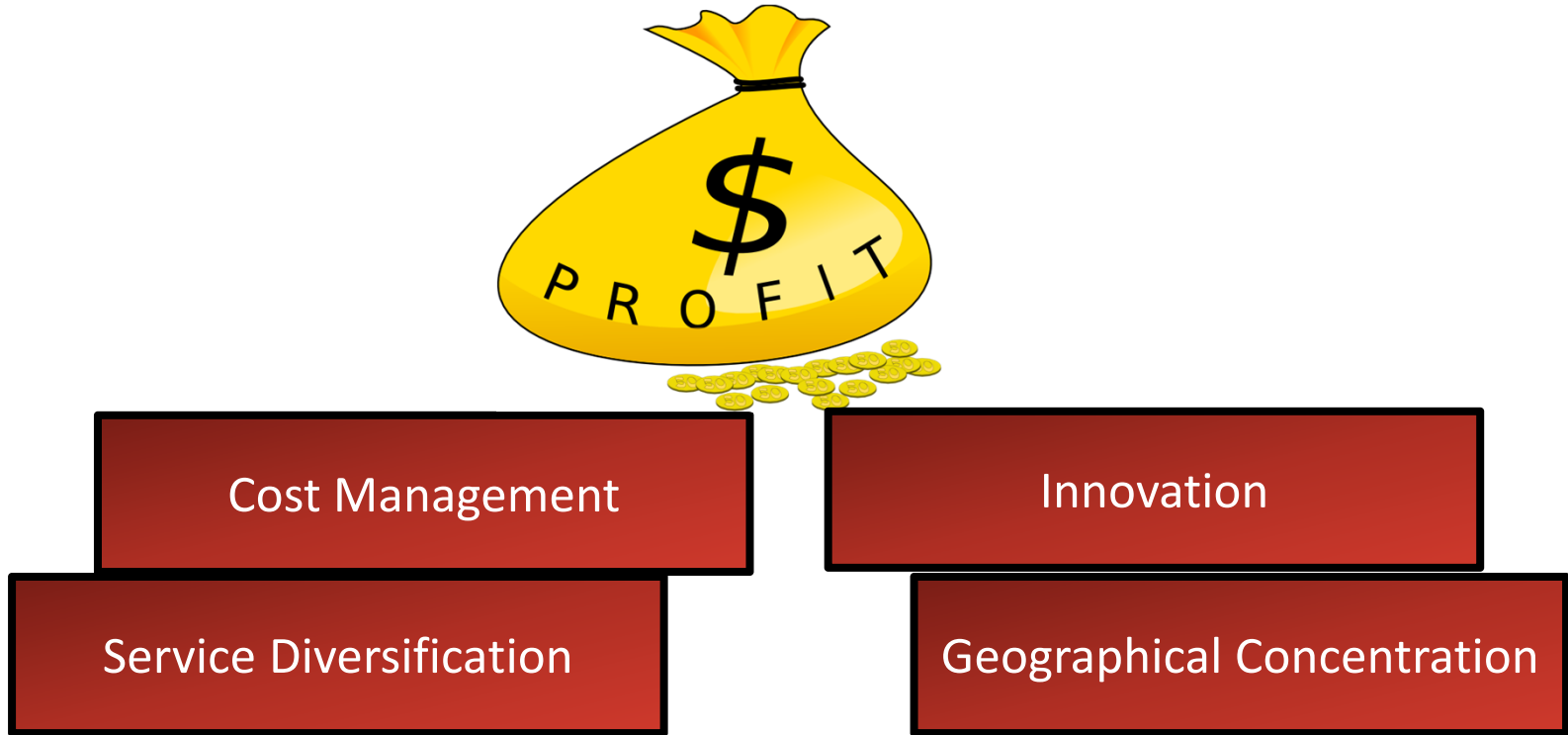
Source: KBC Economics based on FSB

4. Domestic 'clean-up' in the sector should come first



Source: KBC Economics based on ECB

5. Currently no business case for cross-European consolidation in financial sector





**Thank you for
your attention!**

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