



Workshop: "Life Long Learning project: follow up of the joint declaration and promotion of the EU sectoral social dialogue"

Economic Challenges of the Banking Sector in Bulgaria

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Structure

Public Finances

Real Economy

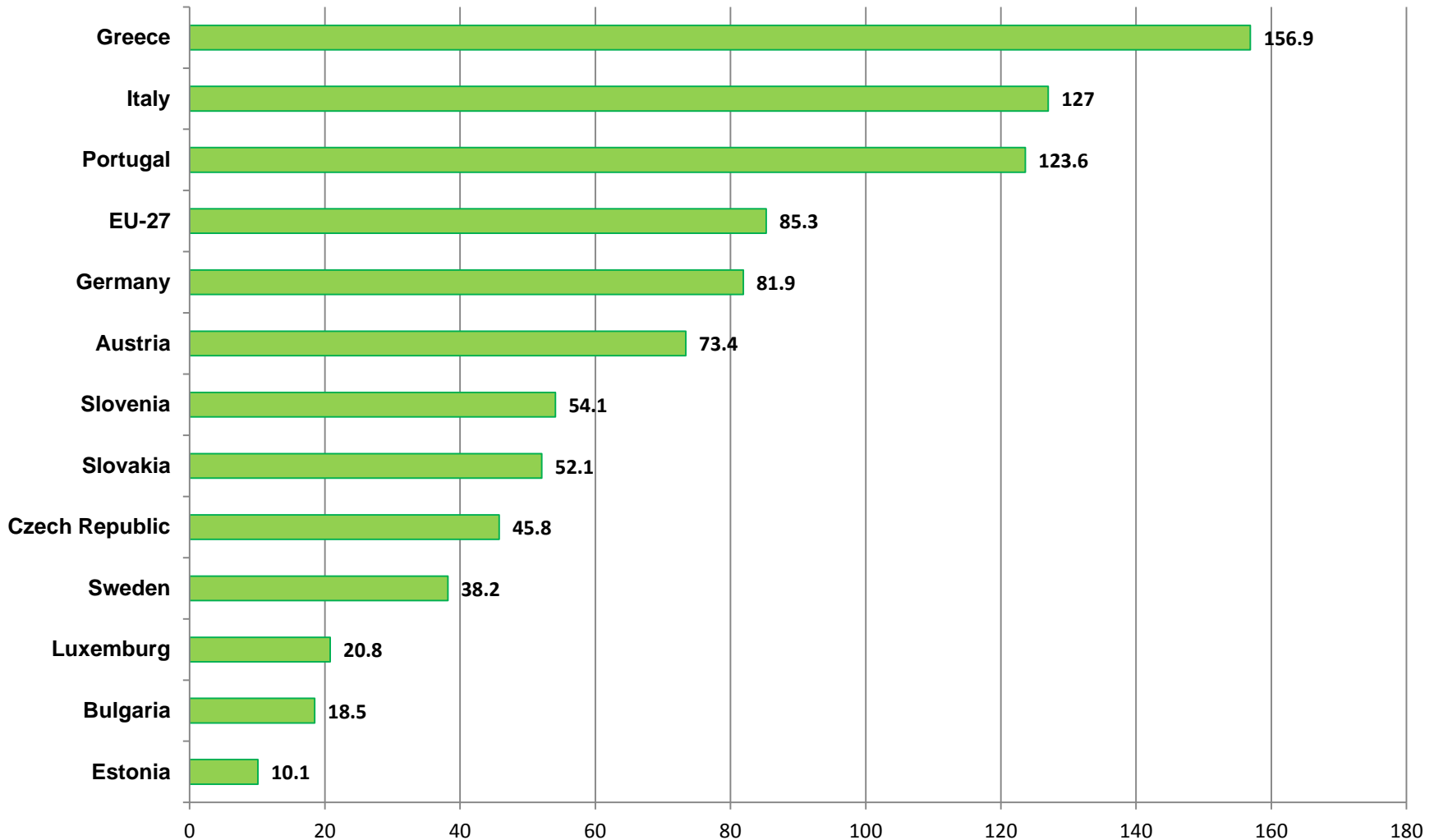
Banking Sector



Public Finances

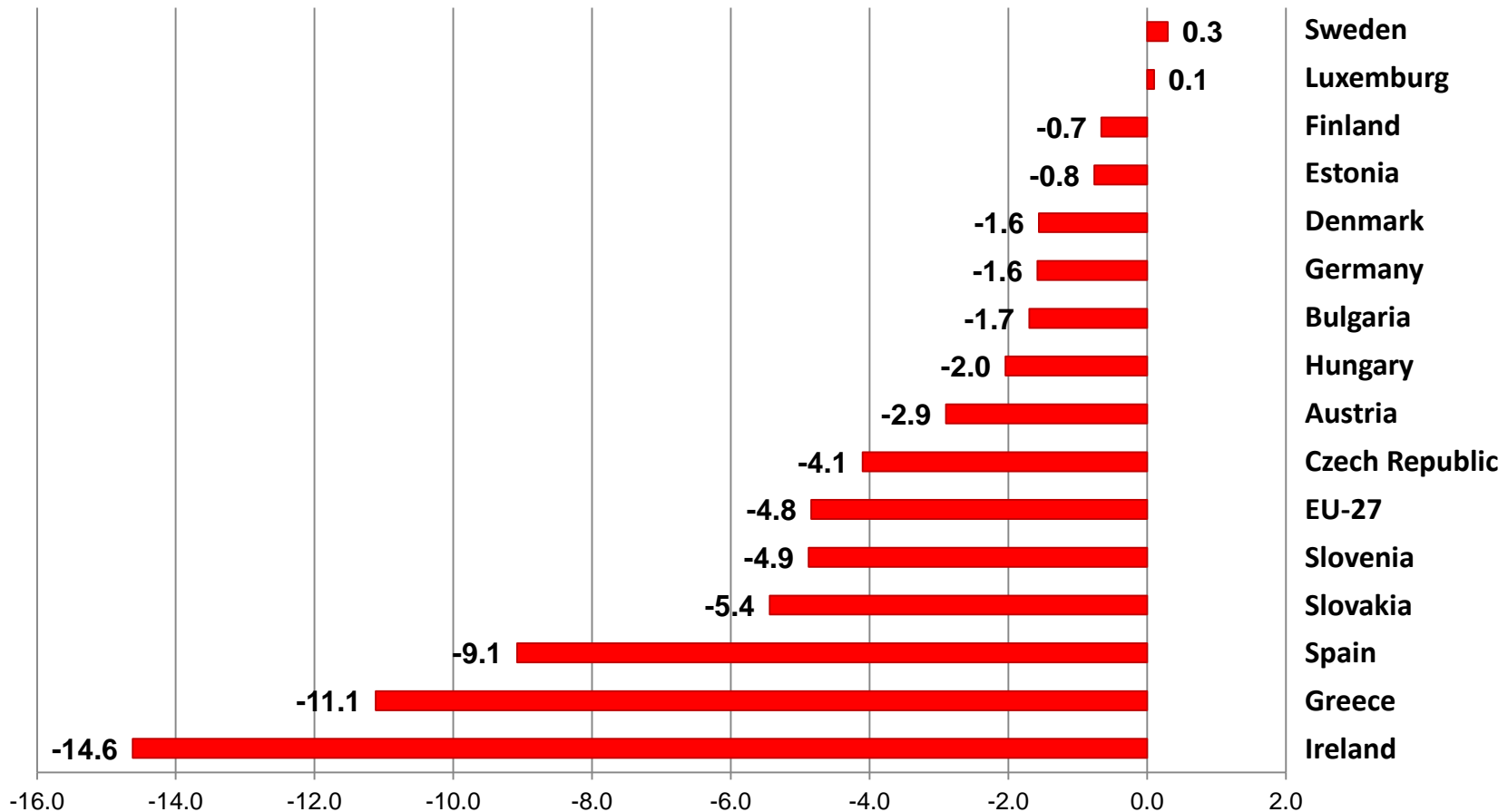


Government Debt as % of GDP (2012) - EUROSTAT





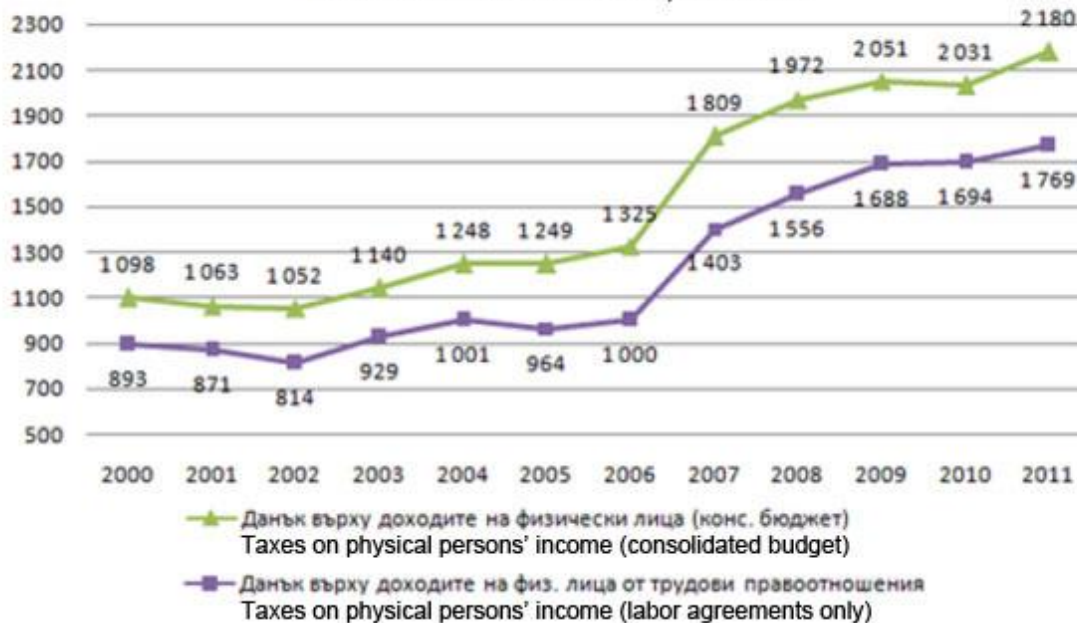
Budget Deficit (Average 2008 – 2012) - EUROSTAT



Динамика на приходите в бюджета, 2000-2011, млн. лева
Budget revenues dynamics, 2000-2011, BGN mln.

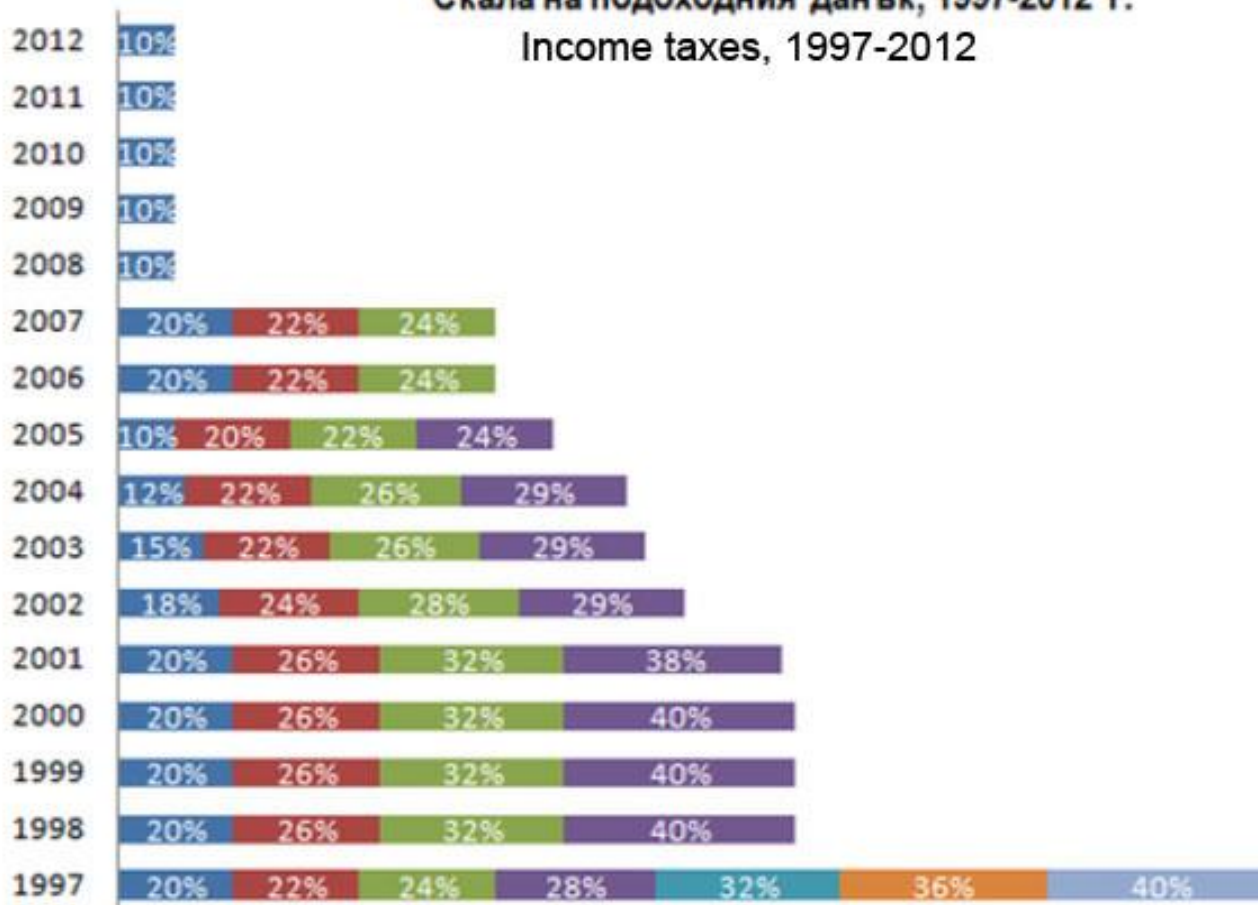


Приходи от подоходни данъци, млн. лева
Revenues from income taxes, BGN mln.





Скала на подоходния данък, 1997-2012 г.
Income taxes, 1997-2012

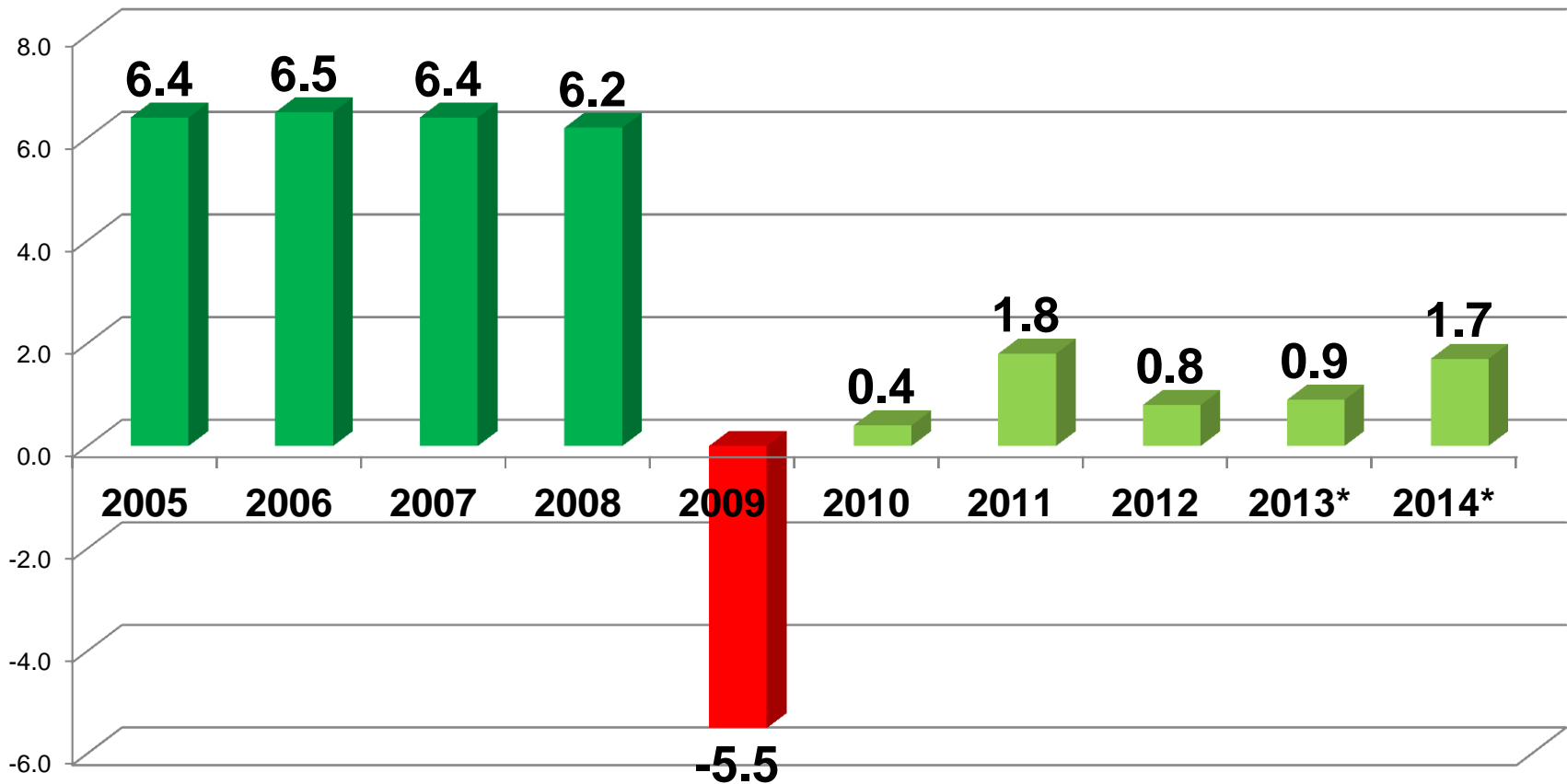




Real Economy

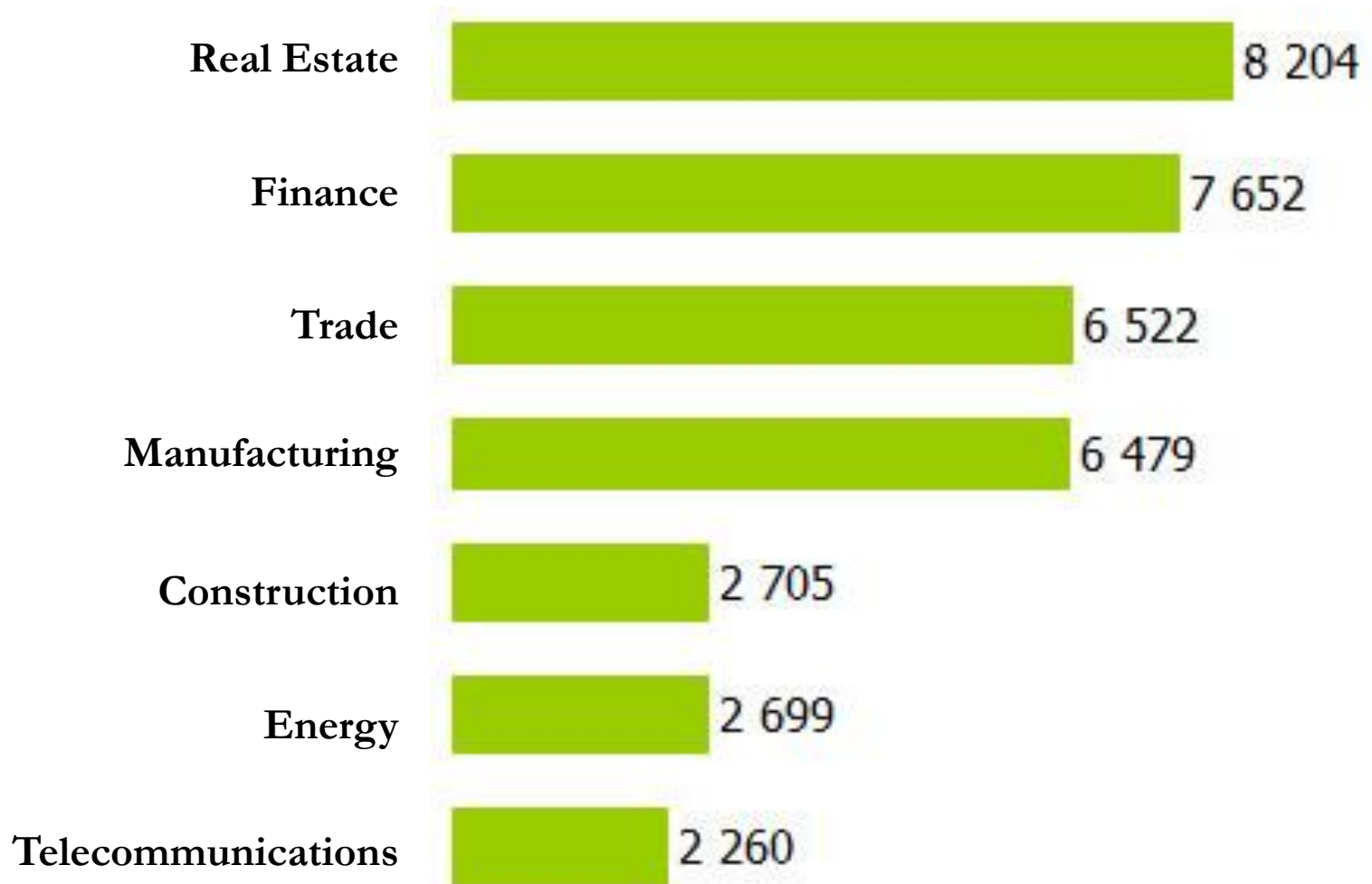


GDP (Annual Change in %)/ EUROSTAT





Total FDI / Sectoral Breakdown EUR (1996-2011) / BNB



Living Standard and Household Consumption (1)

- Inflation: 4,8%
- Unemployment: 13.8%/ 450 000 people / Youth unemployment: 30%
- Minimum monthly wage: 310 BGN/ 155 EUR
- Average monthly wage:
 - Sofia: 1076 BGN/ 538 EUR
 - Bulgaria: 778 BGN/ 389 EUR
- BUT: Shadow/Grey economy accounts to 30/35% of GDP

Living Standard and Household Consumption (2)/NSI

	2007	2008	2009	2010	2011	2012
Total expenditure	100,0	100,0	100,0	100,0	100,0	100,0
Consumer total expenditure	85,1	85,2	85,7	85,7	84,0	83,5
Foods and non-alcoholic beverages	37,5	36,6	36,5	37,2	36,2	33,4
Alcoholic beverages and tobacco	4,6	4,4	4,7	4,6	4,4	4,4
Clothing and footwear	3,5	3,5	3,1	2,9	3,0	3,2
Housing, water, electricity, gas and other fuels	12,5	13,6	14,5	14,3	14,1	15,3
Furnishing and maintenance of the house	3,8	3,7	3,7	3,4	2,8	3,2
Health	4,7	4,8	5,3	5,5	5,6	5,2
Transport	6,7	6,9	6,0	6,0	5,9	6,3
Communication	4,7	4,5	4,5	4,7	4,6	4,4
Recreation, culture and education	3,6	3,7	3,9	3,5	3,5	4,1
Miscellaneous goods and services	3,5	3,7	3,6	3,7	3,9	3,9
Taxes	2,9	3,2	3,2	3,8	5,2	5,0
Household plot	1,9	1,6	1,3	1,0	0,9	0,7
Other expenditure	10,1	10,0	9,8	9,4	9,9	10,8



Banking Sector



Banking sector in Bulgaria (1)

Group 1 (5 banks)

UniCredit Bulbank AD

DSK Bank EAD

First Investment Bank AD

United Bulgarian Bank AD

Corporate Commercial Bank AD

Group 3 (6 Foreign Banks' Branches Operating in the Republic of Bulgaria)

ALPHA Bank S.A. – Bulgaria Branch

ING Bank N.V. – Sofia Branch

Citibank N.A. - Sofia Branch

BNP Paribas S.A. - Sofia Branch

T.C. Ziraat Bankasi - Sofia Branch

IŞBANK AG - Sofia Branch

Group 2 (19 banks)

Raiffeisenbank (Bulgaria) EAD

Eurobank Bulgaria AD

Societe Generale Expressbank AD

Central Cooperative Bank AD

Piraeus Bank Bulgaria AD

CIBANK JSC

Allianz Bank Bulgaria AD

Bulgarian Development Bank AD

MKB Unionbank AD

Investbank AD

ProCredit Bank (Bulgaria) AD

Municipal Bank AD

International Asset Bank AD

Bulgarian-American Credit Bank AD

D Commerce Bank AD

Credit Agricole Bulgaria EAD

Tokuda Bank AD

TBI Bank EAD

Texim Bank AD



Banking sector in Bulgaria (2)

Sector breakdown:

- 30 banks and foreign banks' branches;
- 5 banks have 49.4 % market share.

Sector performance (1):

- corporate loans unserviced more than 90 days – 20,1%;
- unserviced mortgages – 16%;
- consumer loans unserviced more than 90 days - 9% (Cancellation rate is the highest due to their small size);
- total amount of unserviced debts – 17%;
- net amount of unserviced debts – 11,25%.



Banking sector in Bulgaria (3)

Latest sector performance (2):

- declining profits (2012/ Q1 2013); 2 banks account for 62% of the sector's profit;
- credit increase (4% in 2012; 5% in Q1 2013);
- deposit increase (12% in 2012; and Q1 2013); deposit wars are over – annual interest rates on deposits close to 10%;
- no support from the national budget or BNB
- buffers:
 - official liquidity requirements – 12 %/ real liquidity - 25%;
 - minimum required reserves in BNB – 10%;
 - high capital adequacy ratio – over 16%.



Banking sector in Bulgaria (4)

Trends:

- Deposit growth;
- Flexible interest rates to foster credit activity;
- Slowing down of unserviced debts;
- Focus on other products;
- Increasing role in managing EU funds;
- Growing importance in financial engineering for start-ups
- Consolidation/optimization is not to be excluded.



Thank you for your attention!

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