

Beat: Business

## Three months before the general elections, Spaniards do not see recovery

### Banks make 40% and pay 2.3%

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**USPA NEWS** - Just three months before the legislative elections scheduled in Spain for the month of November, corruption and economic situation are emerging as the main topics of discussion among political parties taking part in the polls.

For the conservative Popular Party (PP in its acronym in Spanish) out of the crisis is an asset that supports government action, which however is marred by corruption. While corruption affects a greater or lesser extent, all the major Spanish parties, the output of the economic crisis is something the PP arrogates alone. The conservatives never tire to remember that when they came to power four years ago, Spain was plunged into a crisis that the socialist government of then refused to admit and did not know how to fix.

A legislature later, the Spanish Prime Minister, Mariano Rajoy, insists again and again that the sacrifices made and the adjustment policies adopted by his Government have overcome the worst crisis in the last 50 years and put Spain as the European country with the best growth prospects. Macroeconomic data give reason to the Government. But at street level, things are not so optimistically. While the seven major Spanish banks earned an average of 40% during the first half of this year, lending to companies and individuals increased only 2.3% between July 2014 and July 2015. A mismatch concerns Government of Mariano Rajoy, whose continuity seems to depend on the credibility that citizens give to economic recovery.

Only in Spain, seven major banks earned 3.581 million Euros from January to July. BBVA was the one who recorded the best result, 809 million profit, followed by Santander with 771 million and 708 million of CaixaBank. The following four increased their profits by 10% in the first half, except Banco Popular, whose profit fell around 7.5%. Figures that made exclaim BBVA CFO Jaime Saenz de Tejada, during the presentation of results of the company on 31 July: "We have gained a lot."

Not for less. CaixaBank increased its profit in the first half almost 75% over the same period last year. And it was not alone: Banco Sabadell increased its profit over the first half of 2014 by 55%, while Banco Santander increased theirs by 50% and Bankinter and BBVA over 30%. Figures that meet the minister of Economy, Luis de Guindos, who hopes to soon tap credits for businesses and individuals to open. It depends largely on reducing unemployment and increasing consumption.

Far from clear, the Spanish socio-economic situation remains complicated. With an unemployment rate which, despite recent declines, remains above 20% and a workforce that has seen his salary reduced by 0.2% on average, banks are not inclined to grant credit. Spanish wins today an average 22,605 Euros per year, below the 22,653 per year that earned twelve months earlier and far from the 22,775 Euros earned in 2011. Banks are reminded that firms operating for profit and still be justified by arguing that repay a significant portion of the loans granted during the period of economic expansion, many linked to real estate.

So, Santander, Banco Popular, Bankia and Banco Sabadell have cut lending, although Bankia and Popular deny and rely on data: Bankia says it has increased funding for companies and households 35.4% to 8,600 million Euros, and the Banco Popular claims to have increased lending 19.9% to 12.039 million Euros. But none denies is that the credit tap is not open fully until completely Spanish banks clean up their balance sheets. And that may take.

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