

Silences and con+licts.

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Last year we published [articles](#) reporting the huge transfers from the Bank of Spain (BdE) to private banks for their deposits; which implied important losses for the State; but that there are alternatives and that the information and explanations on this important matter were opaque and insufficient.

There was no debate in the media, except in social networks. The CNMV and the BdE practically kept silent, as did the Government, some parliamentarians of the PSOE, PP and Sumar were interested, especially the latter group. Some banks, timidly, revealed the charges they had received from the BdE, separating themselves from the BdE's attitude.

The former governor Hernández de Cos in his last appearance in the Economy Commission of the Cortes was questioned about these payments by the deputy Carlos Martín Urriza of Sumar, but he did not answer alleging "professional secrecy". Sumar again questioned the BdE in writing and, finally, filed a lawsuit in the Audiencia Nacional, which is pending to be resolved and which has the favorable opinion of the public prosecutor.

The BdE asked the European Central Bank (ECB) for its opinion. The ECB replied in writing in a letter that has not been made public, but can be read [here](#). The ECB, with some surprising arguments, states that the information on what each bank has received for its deposits at the central bank is secret. It is clear that there is an open conflict between current central bank monetary policy and transparency, including with parliaments.

What has happened in the last twelve months? We are going to give some figures that are difficult to obtain and that we estimate as best we can. It is the consequence of the prevailing opacity on this matter.

Although the ECB stopped remunerating the minimum reserve ratio (MRR) in September 2023, and the balances of the so-called "marginal" deposit facility (MDF) have decreased somewhat, interest payments to banks are still huge: **we estimate that the BoE has paid the banks about 12 billion euros in the 12 months from September 2023 to September 2024.** This is explained by the fact that the average interest rate in that period has been 3.9% (although since October this year it has been at 3.5%).

Thus, **by 2024**, this income of the banks for having money in the BdE **will represent, on average, slightly more than 40% of their profits from their activity in Spain.** This figure is so high that it is surprising that the BdE and the CNMV do not force it to be public and transparent, since the origin of the profits is more important than their amount. Obstructing this information to analysts, investors, parliamentarians and the media makes it impossible to evaluate the real situation of the banks and, among other things, where their profits come from.

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Furthermore, we estimate that the **BdE will have operating losses in 2024 similar to those of 2023: around 8 billion euros**. This represents a significant reduction in its assets, and a loss for the Treasury, which, once again, will lose billions of euros. Money that anyone would think could be used for better purposes than to swell the banks' accounts.

This problem of public losses and private gains resulting from the current monetary policy framework is global, as Professor [Paul de Grauwe and other economists](#) explain.

Consider the example of the Eurosystem: the private bank deposit facility at the national central banks and the ECB was €3.6 trillion in September 2023. This figure has declined quite a bit, but in September 2024 it remained at a substantial level of €3 trillion. In September 2023, the remuneration rate was raised to 4% and remained at 3.75% in June 2024. This means that the Europeans **(the Eurosystem) have paid at least 125 billion euros in interest to private banks in that period**. Most of these figures have resulted in losses for the Eurozone central banks, and therefore for the States.

To get an idea of the magnitude of these payments, consider the following: with a payment of 125 billion euros by the Eurosystem to private banks in the euro zone, we are approaching the EU's total annual expenditure of 168 billion euros. It should be noted that payments by European central banks to banks are decided without any political debate and are granted without imposing any conditions. This contrasts with EU spending, which is the result of an elaborate political decision-making process and is usually accompanied by strict conditions.

Central banks are paying billions in interest to banks through their interest-bearing deposits, and this raises questions about the fairness and effectiveness of anti-inflation policies.

It is difficult to understand the economic logic of a system in which public authorities provide banks with effortless profits at taxpayers' expense. It is worth remembering that central banks raised interest rates in the 1970s and 1980s to cope with inflation, but did not incur losses. On the contrary, they increased their profits. One of the main reasons was that they did not remunerate deposits to banks.

How to fight inflation without subsidizing banks at taxpayers' expense?

This is the debate that should not be avoided.

There is a problem, but closing our eyes will not solve it. We will see what the judge decides about the Sumar deputies' lawsuit. And above all, let's hope that the new governor, and the future president of the CNMV, collaborate so that transparency returns and opacity ends. Something that will help everyone more than complicate things.