



Press Release

Vassilios Psaltis at the Delphi Economic Forum XI: “The fragmentation of the European financial market is costing Europe its future – Alpha Bank and UniCredit are proof that integration works”

The CEO of Alpha Bank Group stressed that Euro 300 billion of European savings are directed to the USA every year, while the EU’s fragmented financial architecture undermines its ambition to achieve the goals of green transition, digitalization and strategic autonomy

During the discussion panel titled “Navigating the Future of European Economic Growth” of the Delphi Economic Forum XI, which also featured as panelists Herman Van Rompuy, former President of the European Council, and Maria Demertzi, Professor of Economic Policy at the European University Institute, Vassilios Psaltis, the CEO of Alpha Bank Group, made a strong statement on the state of the European banking system, basing his arguments on data, expertise and a concrete example—that of UniCredit and Alpha Bank, which Europe has not yet managed to replicate on a larger scale.

The figures that confirm the gap

The CEO of Alpha Bank linked banking sector fragmentation to the wider divergence in growth between Europe and the United States, a divergence which he described as structural and widening. *“In 2006, six out of the ten largest banks in the world were European. Today, only five are to be found among the twenty largest. This collapse is not a market failure. It is a direct consequence of regulatory choices that prioritized national resilience over European integration,”* he pointed out, adding:

“Between 2008 and 2023, US GDP grew by 87%, while that of the EU by just 13.5%. Since the 2019 pandemic and until today, US GDP has risen by 14.6%, while the European GDP by just 6.7%. At the current growth rates, it will take 20 years for per capita output to double in the US, whereas in the European Union this will take 43 years.”

Given these facts, Mr. Psaltis asked a pressing question: *“Exactly how is Europe planning to bridge this gap? Because if we continue to keep our banks small, fragmented and entrenched within national borders, the answer is simple: European savings will end up funding American growth, not European ambition.”*

Three pillars, one common shortfall

Mr. Psaltis remarked that the debate on European financial integration is taking place at three interrelated but distinct levels, which are often conflated in public discourse. The Banking Union concerns the single supervisory mechanism, the resolution and the deposit guarantee scheme of the European banks. The Capital Markets Union concerns the cross-border functioning of markets for equities, bonds and alternative forms of financing. Finally, the Savings and Investments Union, which President Ursula von der Leyen has placed at the heart of the European Commission’s agenda during its current term in office, acts as an umbrella unifying the two pillars into a common strategy for directing European savings into the European economy.

And, as he pointed out, the imperfect functioning in this area leads to the most striking and worrying aspect of the European economic landscape. Mr. Psaltis recalled that Europe needs around Euro 700 billion in additional annual investment to meet the targets of the green transition,



digitalization and strategic autonomy, a sum which, as he noted, banks are unable to cover on their own, while the projects themselves require more equity capital in order to improve their risk profile.

“At the same time, the European households save Euro 1.4 trillion a year, while around Euro 300 billion of these savings are directed outside of Europe, mainly to the United States, stifling Europe’s own investment prospects. This is not a failure on the part of savers. It is a failure of the financial architecture. Europeans are not refusing to invest in Europe. It is Europe that refuses to provide them with the means to do so.”

The obstacles

As for the obstacles on the path to a Banking Union, Mr. Psaltis remarked that these are both regulatory and political in nature. As he noted, around Euro 475 billion in capital and liquidity remain tied up in subsidiaries within “national borders” across Europe, unavailable for cross-border expansion. He also highlighted the regulatory costs of integration: *“A bank merger in the EU takes an average of 285 days to complete; in fact, this time has increased by 100 days compared to 2014, when the banking union was supposed to have started simplifying the process. In the USA, the same process takes 219 days, and in Switzerland just 85 days.”*

Beyond the regulatory framework, the CEO of Alpha Bank also spoke of a political contradiction that is typical of European governments. *“The very same governments that actively defend the creation of national banking champions are often the first to raise objections when a Europe-wide deal is proposed,”* he said. *“These objections tend to be stronger when it is the domestic bank that is being acquired, rather than when it is the one doing the acquiring. This concern rarely relates to financial stability. It is about who is gaining control. This may be a legitimate political instinct, but it does not serve the principle of European integration.”*

Alpha Bank and UniCredit: What integration looks like in practice

In this respect, Mr. Psaltis presented the Alpha Bank–UniCredit partnership as a tangible and functional alternative: *“Three years ago, we agreed on a broad partnership with UniCredit, which involved the acquisition of a 9% initial stake, making it a reference shareholder in Alpha Bank. For us, this meant access to one of Europe’s leading banking platforms, as well as to UniCredit’s expertise, technology and risk management frameworks. It meant that Greek businesses now have access to export markets in 13 countries within the UniCredit network, and that Greek households have access to top-quality products. Just compare this with the situation only a decade ago, when Greece was shut out of the markets.”*

Mr. Psaltis was very clear that the partnership has made Alpha Bank a stronger banking institution. *“Today, Alpha Bank is a stronger, more resilient and more European institution. Not in spite of the partnership, but because of it. Our ability to finance the Greek economy and through it the European economy, is greater than it would have been if we were to act alone. This is what European banking integration looks like when it works: A bank in a peripheral country of the euro area—a country that a decade ago was not even on the international investors’ radar—is now living proof of everything that Brussels has been discussing over the last twelve years,”* he stressed.

A decision, not a debate

In response to the closing question from the panel moderator, journalist Apostolos Mangiriadis, about what he would ask European leaders to do over the next 18 months, Mr. Psaltis called for a concrete decision: *“Complete the banking union and launch the Capital Markets Union. Not as a political ambition, but as a political decision. We have the framework in place, we have proof that it works, we have the institutions. What we lack is the will to act.”*

He even cited the recent references made by the European Commission President, Ursula von der Leyen, about the need for a Savings and Investment Union, as well as her warning that the



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countries willing to go ahead will do so, even without those unable to follow. *“This reference of the President does not call for gradual reform, but for a pressing deadline,”* said the CEO of Alpha Bank Group, adding that the consequences of inaction extend well beyond the banking sector: *“Without a banking sector capable of providing financing on a European scale, the green transition becomes dependent on public funds that the Member States do not have. Strategic autonomy is becoming a buzzword without a balance sheet to back it up. And the growth gap with the United States, which took 15 years to open up, will take another 15 years to be bridged—if it is ever bridged.”*

“At Alpha Bank, we are proof that banking integration works,” he emphasized. *“The question is whether Europe will decide to extend this principle across its entire financial architecture or will continue debating the framework when the opportunity will have passed,”* he concluded.