



GROWTH AND COMPETITIVENESS

SANTANDER INTERNATIONAL BANKING CONFERENCE

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31.10.2024

**Why long term growth and
productivity is of particular
importance for central banks?**

**Low trend growth and productivity in Europe
have indeed common roots and remedies...**

**...but there are also significant differences
across countries in key explanatory factors**

Economic growth

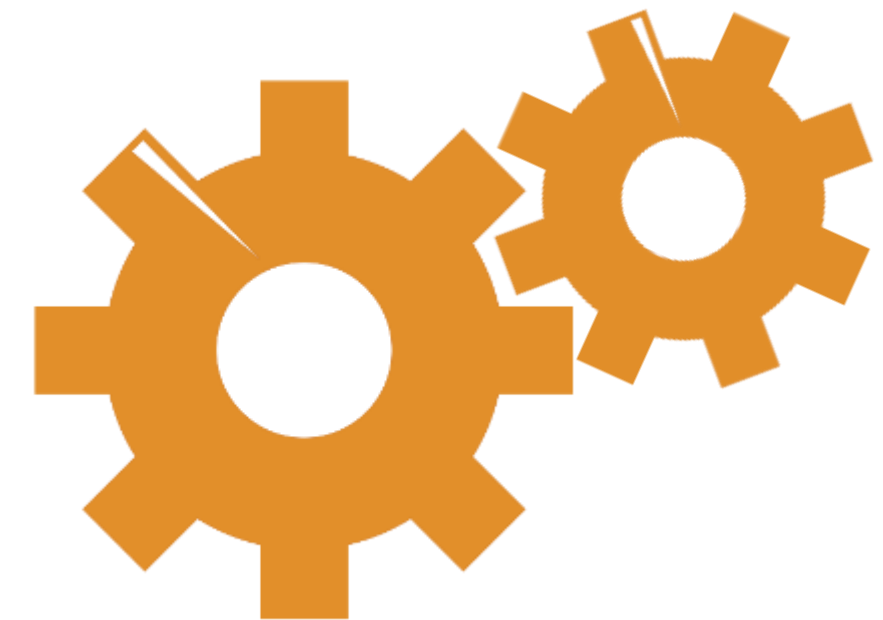
Human capital



Physical and technological capital



Combination of factors



Economic growth

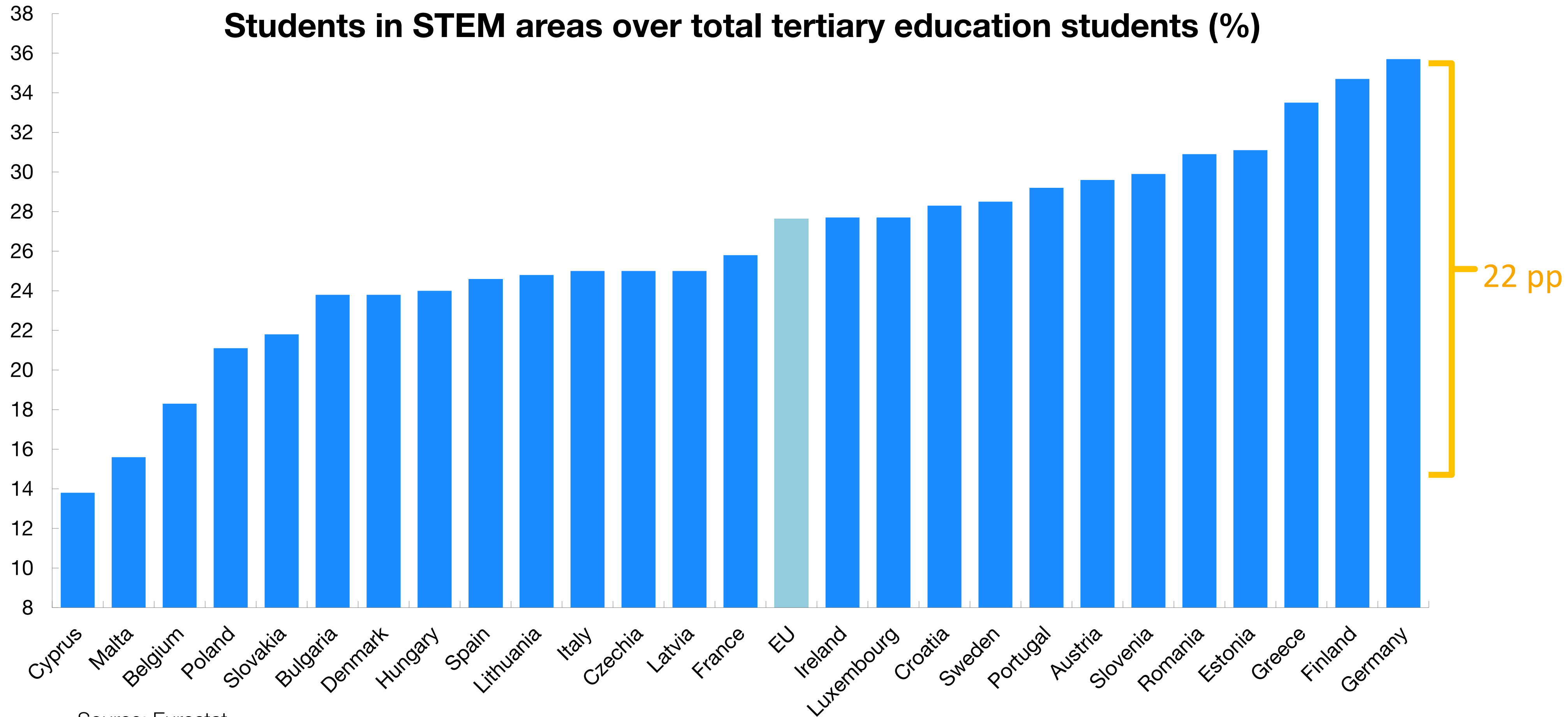
Human capital

**Physical and
technological capital**

**Combination
of factors**



Human capital: relevant inputs of neighbouring countries differ substantially



Source: Eurostat.

Economic growth

Human capital

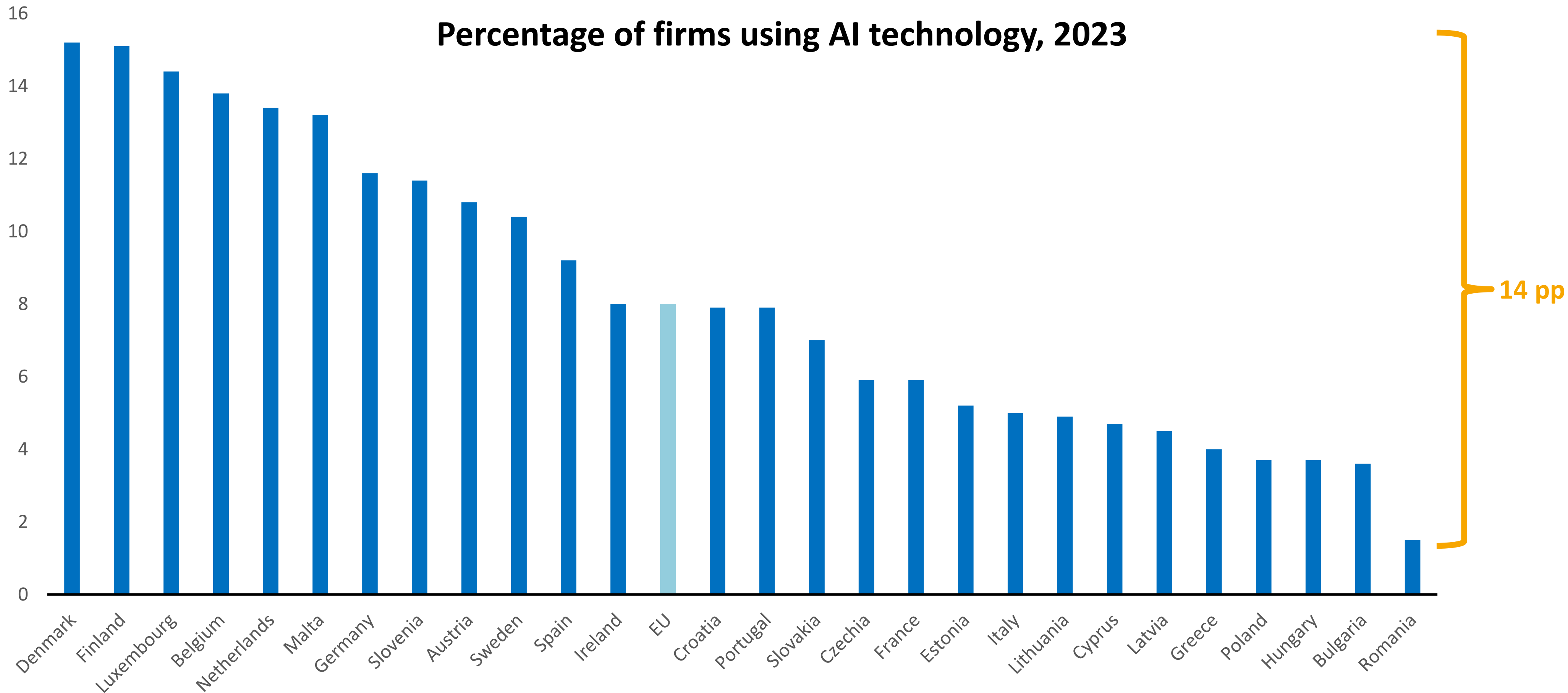
**Physical and
technological capital**

**Combination
of factors**



Significant differences in the adoption of new technologies

Percentage of firms using AI technology, 2023



Source: Eurostat. Firms with 10 or more employees.

Economic growth

Human capital

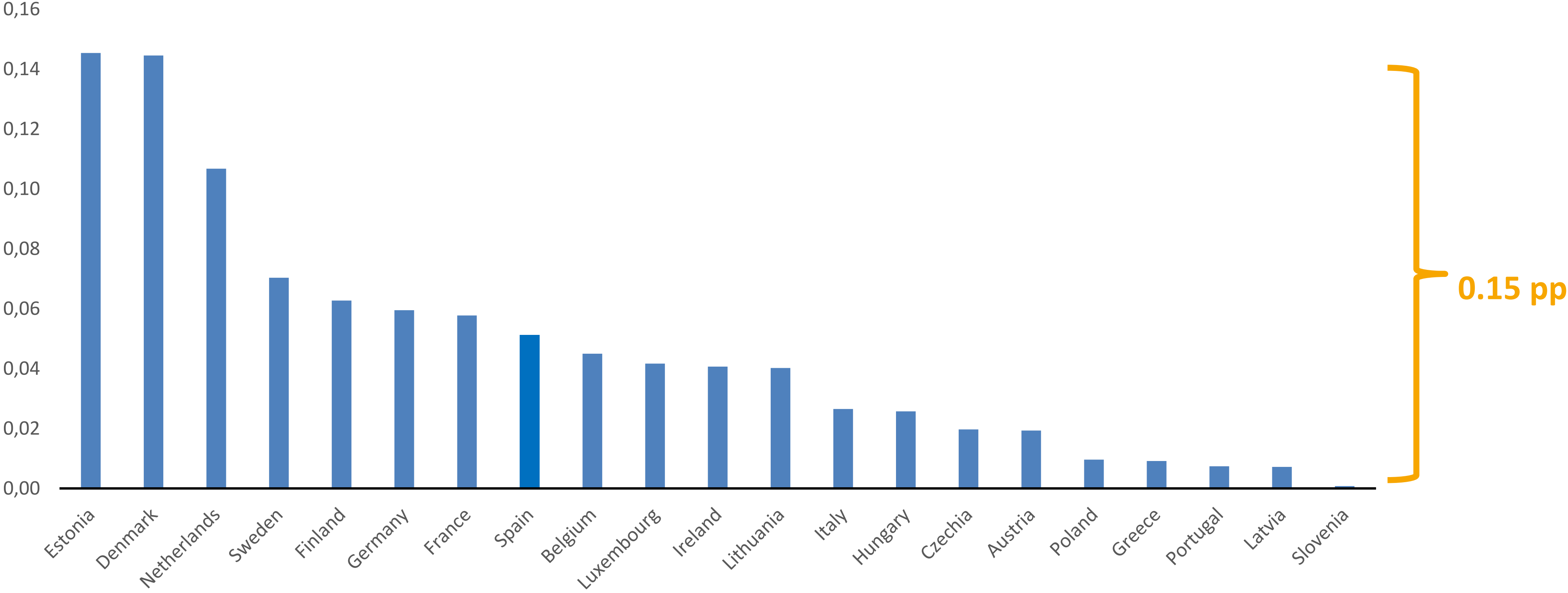
**Physical and
technological capital**

**Combination
of factors**



Capital supporting the transfer of knowledge

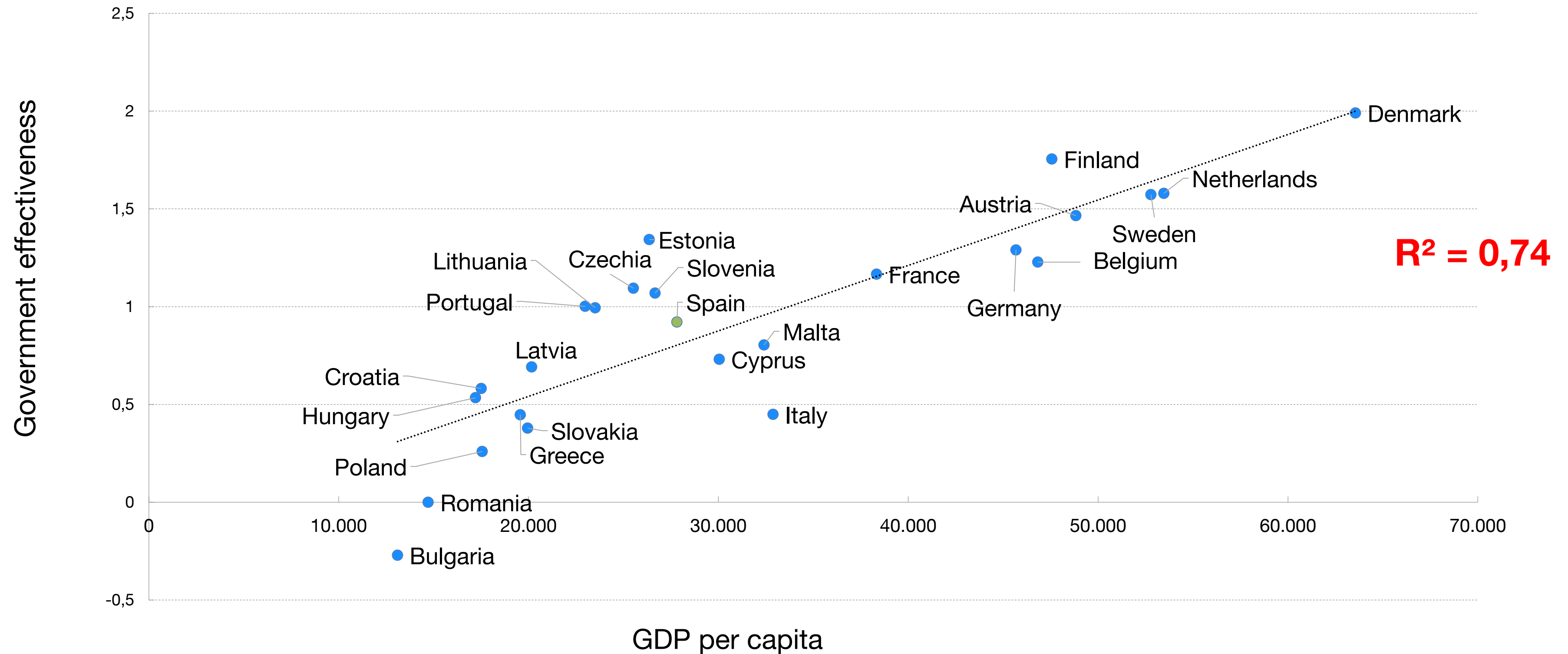
Venture capital as a percentage of GDP in 2023 (%)



Source: OECD.

There are marked differences in the quality of public administrations


Strong Correlation between GDP per capita and government effectiveness



Source: World Bank.



**There is ample room for leveraging
on best practices across European
countries to enhance aggregate
trend growth and productivity**



In addition to badly needed European-wide initiatives, there is substantial homework at the national level



Thank you