



EUROPEAN CENTRAL BANK

EUROSYSTEM

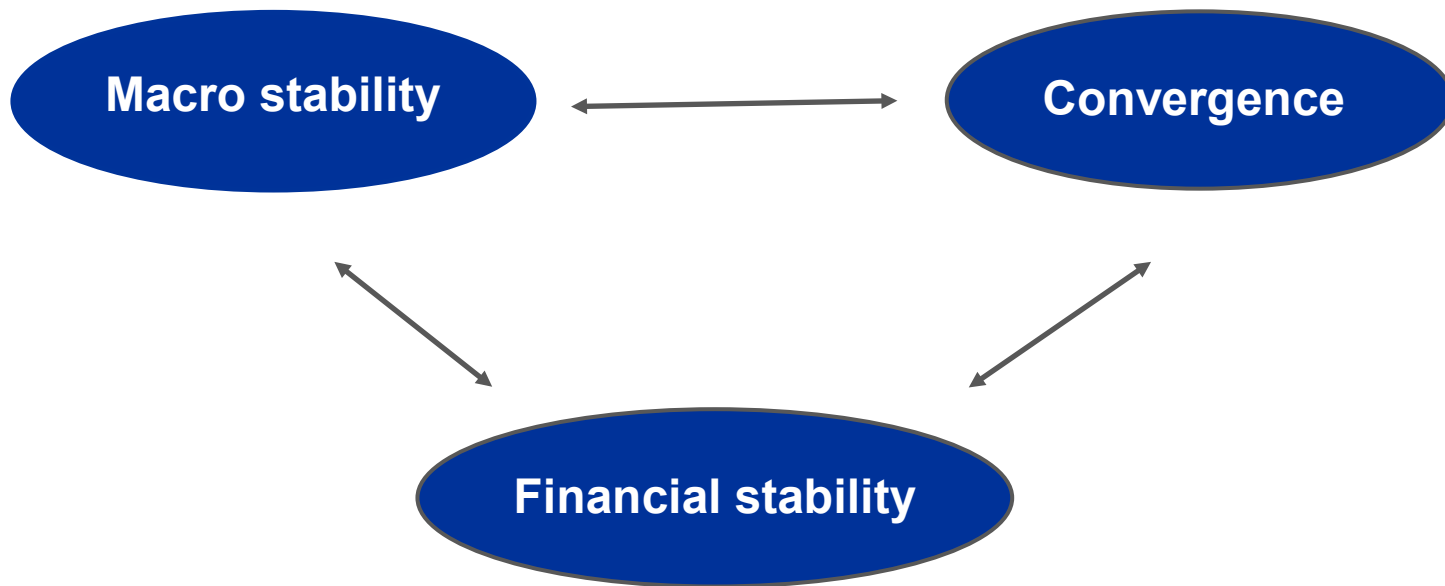
Europe's successes and the path forward

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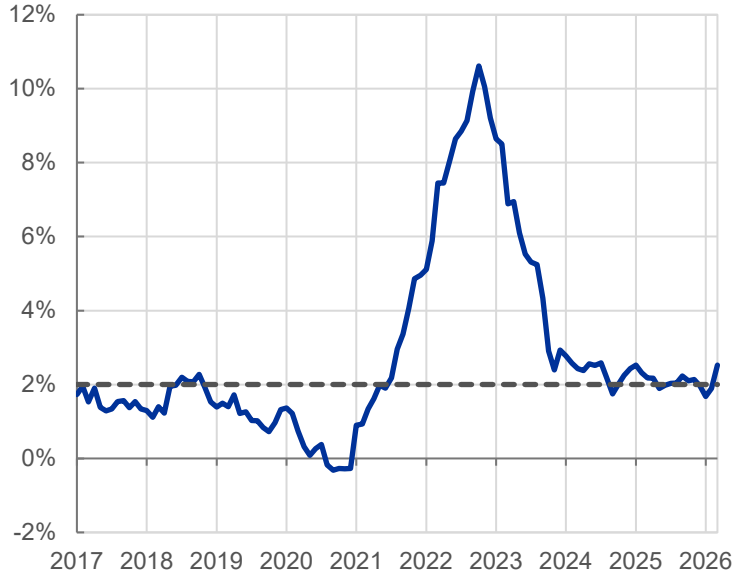


“The future economic architecture of the eurozone”,
Peterson Institute, Washington, D.C., 16 April 2026



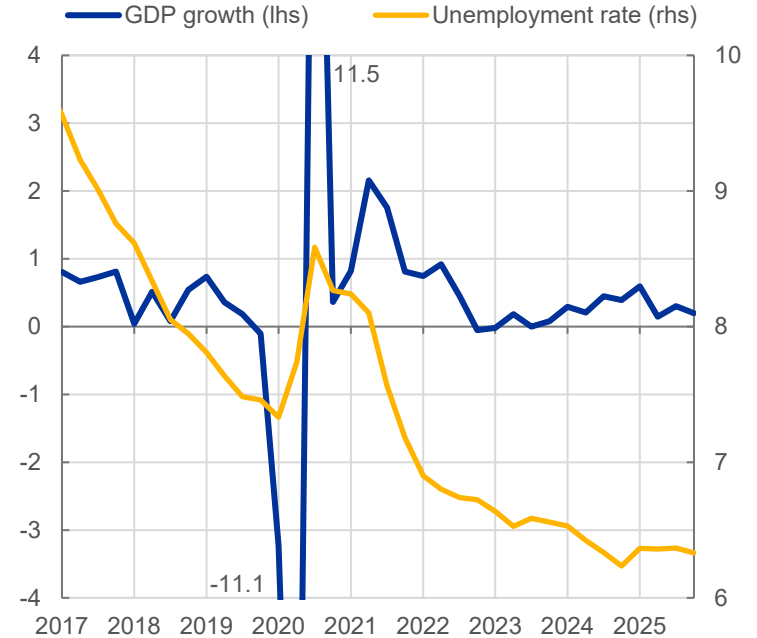
Macro stability: Inflation brought back to target without recession or financial instability

HICP inflation in the euro area (annual percentage changes)



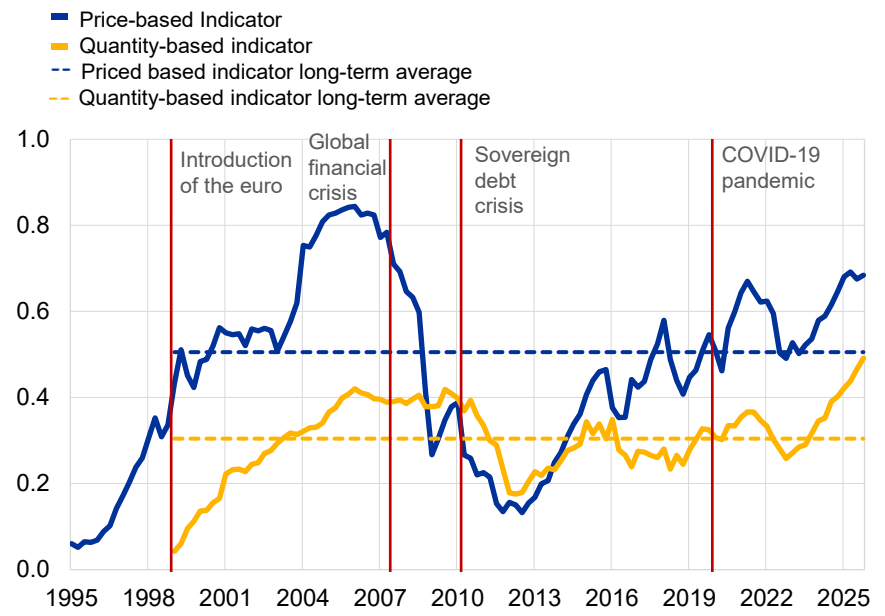
Source: Eurostat.
Latest observation: March 2026 (flash estimate).

Real GDP growth and unemployment rate in the euro area (annual percentage changes; percent)



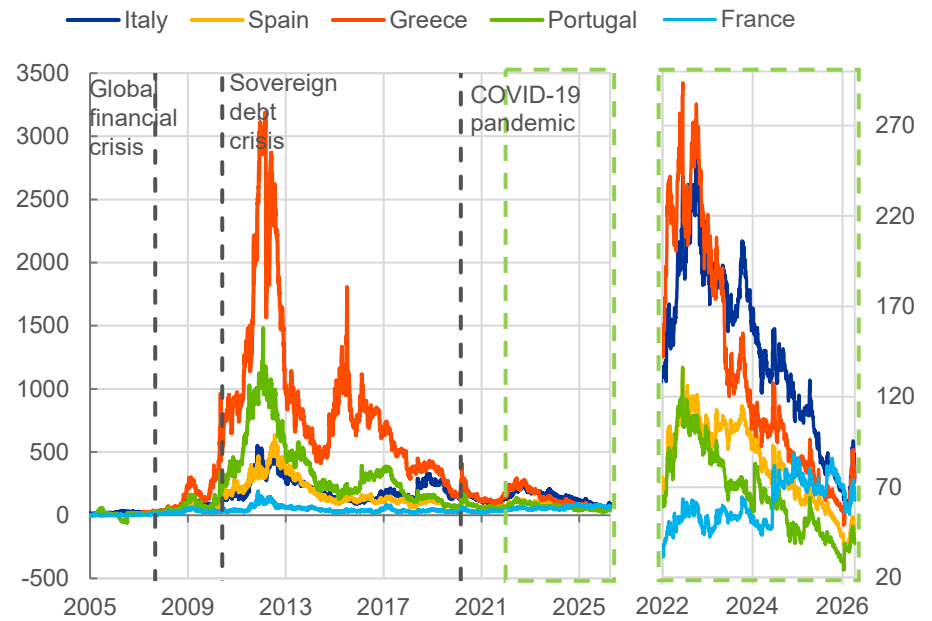
Sources: European Commission and Eurostat.
Latest observation: Q4 2025.

Price- and quantity-based indicators of financial integration in the euro area (index)



Source: ECB staff calculations.
 Notes: The price-based composite indicator aggregates ten indicators for money, bond, equity and retail banking markets; the quantity-based composite indicator aggregates five indicators for the same market segments except retail banking. The indicators are bounded between zero (full fragmentation) and one (full integration). Increases in the indicators signal greater financial integration.
 Latest observation: Q4 2025.

10-year sovereign spreads over Germany (basis points)

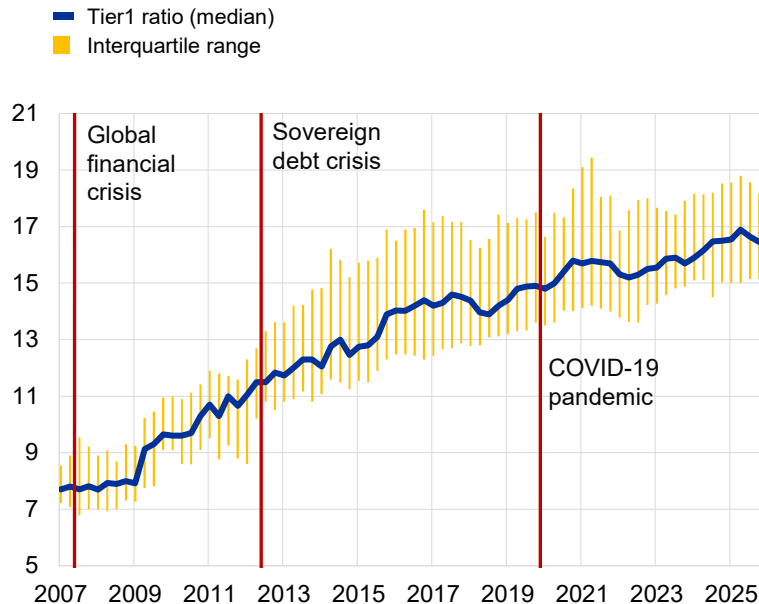


Source: Bloomberg.
 Notes: Yields and hence spreads for Greece are available from March 2007.
 Latest observation: 9 April 2026.

Financial stability: Banks have solid capital ratios and are more profitable

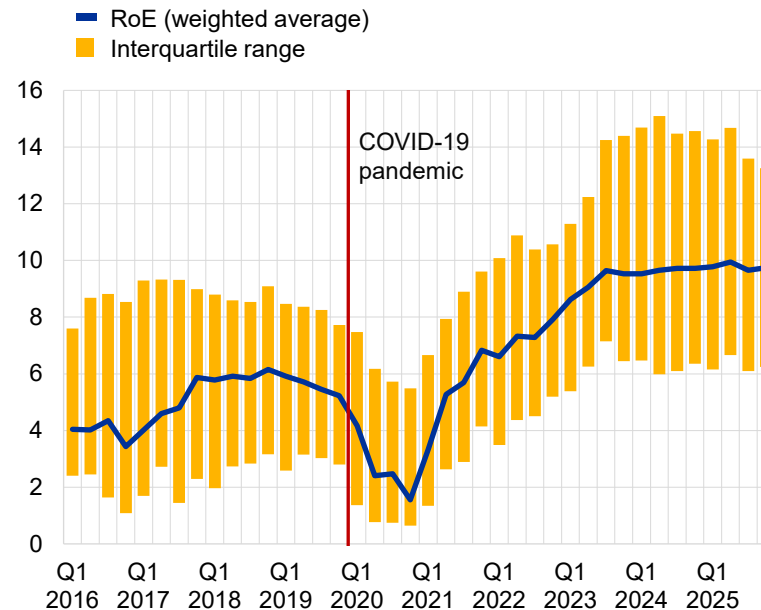
Capital ratios of banks

(percent)



Euro area banks' return on equity (RoE)

(percent)



Sources: Bloomberg L.P. and ECB calculations.

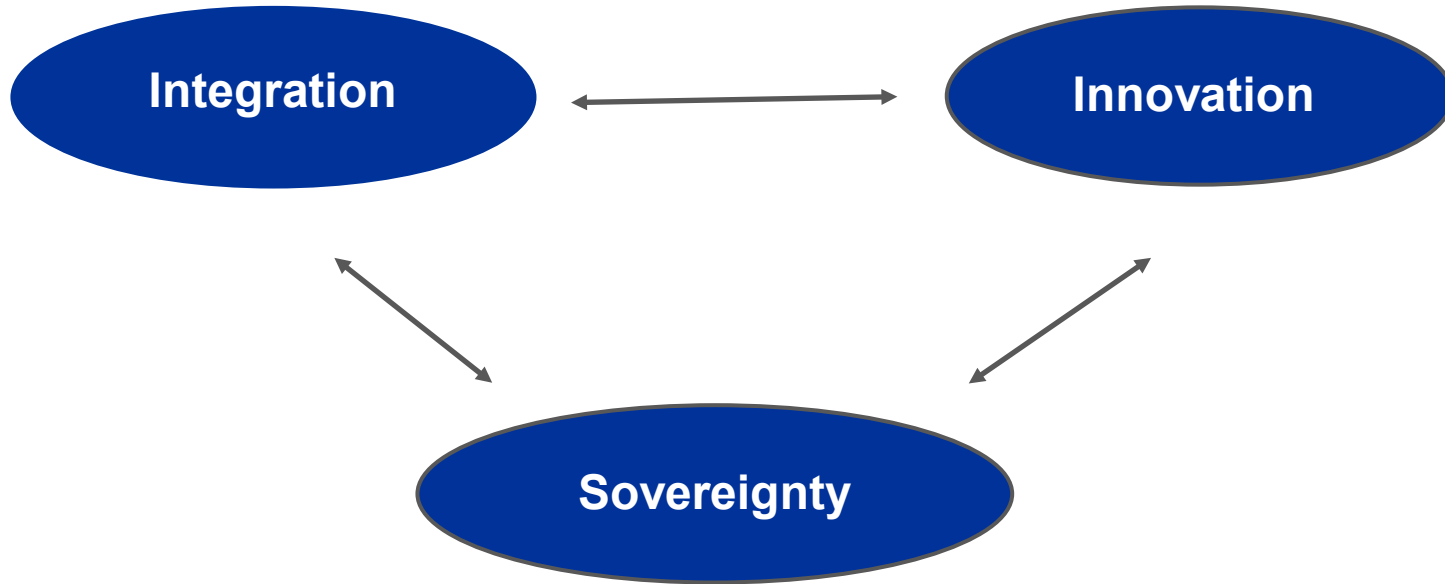
Notes: Tier 1 capital ratio as a percentage of risk-weighted assets, based on an unbalanced sample of up to 76 euro area banks.

Latest observation: Q4 2025.

Sources: ECB supervisory data and ECB calculations.

Notes: The sample are all SSM significant institutions.

Latest observation: Q4 2025.

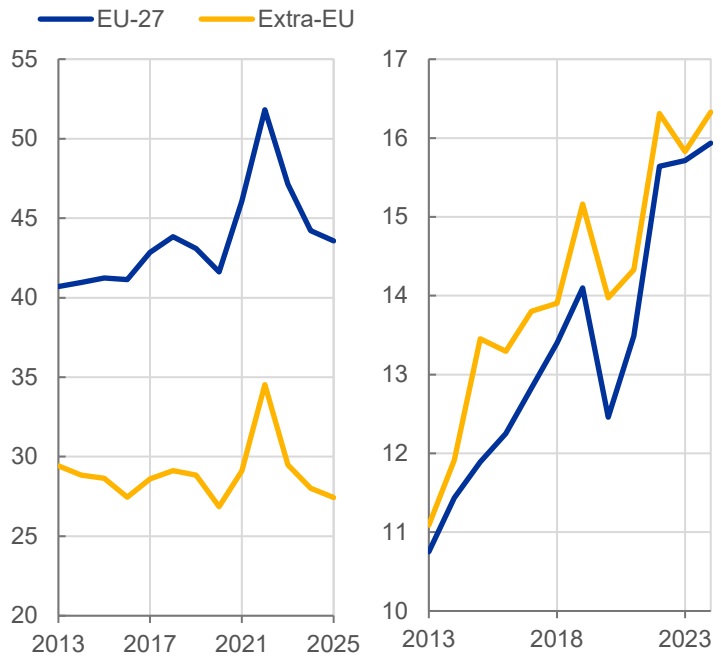


Integration: Reducing internal and external trade barriers carries great potential

Intra-EU and extra-EU trade

(percentage of nominal GDP;

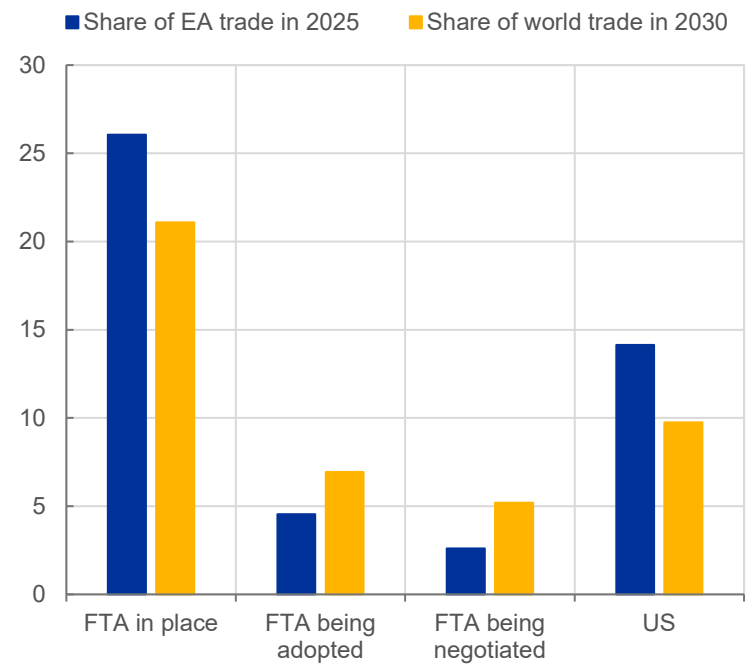
left panel: goods market; right panel: services market)



Source: Eurostat
 Latest observation: 2025 for goods, 2024 for services.

EU free trade agreements and their potential

(percent)

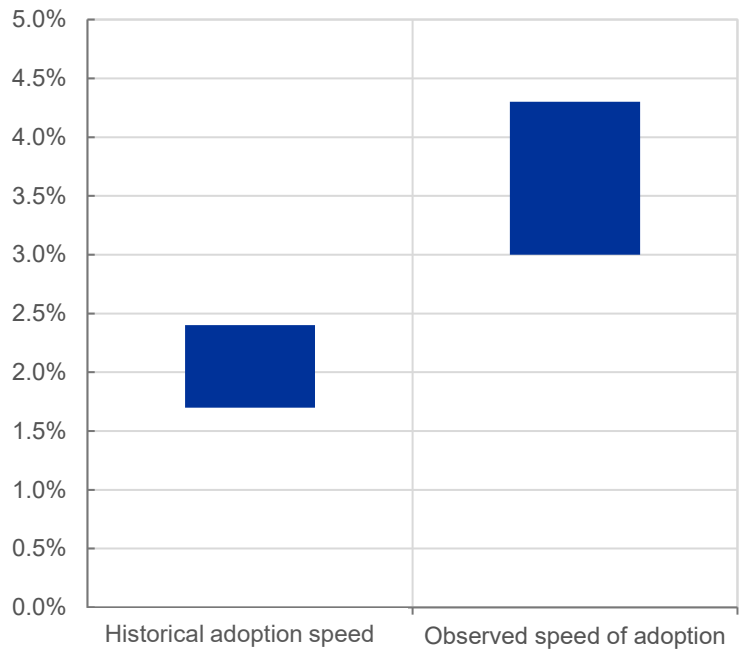


Sources: European Commission, IMF WEO and Trade Data Monitor.
 Notes: Trade includes exports and imports of goods. "FTA in place" includes Albania, Andorra, Bosnia and Herzegovina, Canada, Switzerland, Chile, Colombia, Costa Rica, Ecuador, United Kingdom, Georgia, Guatemala, Honduras, Iceland, Japan, South Korea, Moldova, Mexico, North Macedonia, Montenegro, Nicaragua, Norway, New Zealand, Panama, Peru, Singapore, El Salvador, Serbia, Turkey, Ukraine, Vietnam and Kosovo. "FTA being adopted" includes Australia, MERCOSUR, India and Indonesia. "FTA being negotiated" includes Malaysia, Philippines, Thailand and the UAE.

Innovation: AI adoption and R&D spending in defense can raise productivity growth

Range of estimated TFP impact of AI under different scenarios

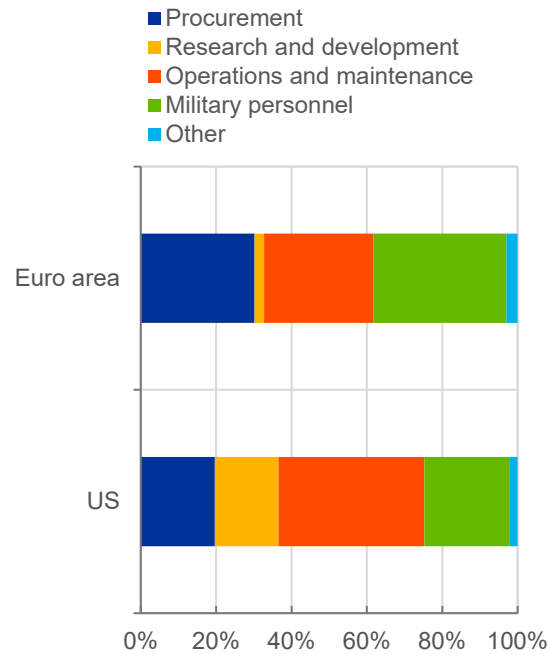
(% increase over 10 years)



Source: ECB calculations on CES data.
 Notes: The blue bars indicate the range of estimates across scenarios reflecting different assumptions about the share of the economy exposed to AI, which may remain constant over time (at either a low or high level) or increase as AI capabilities improve.

Historical composition of defence spending (2015-2023)

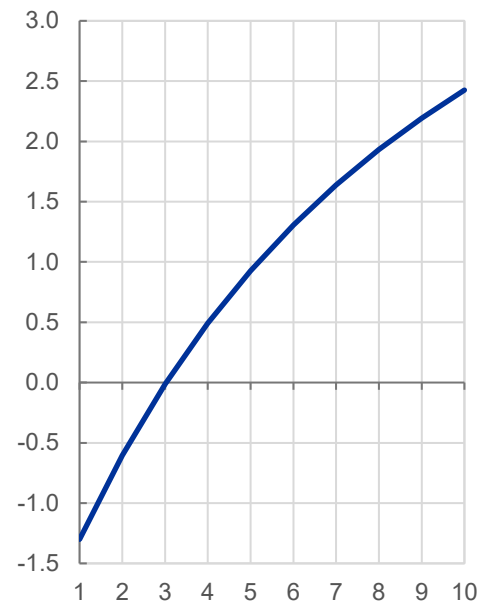
(% of total military spending)



Sources: JANES and ECB staff calculations.
 Notes: The euro area figure is based on 18 countries, with no data available for Cyprus and Malta.

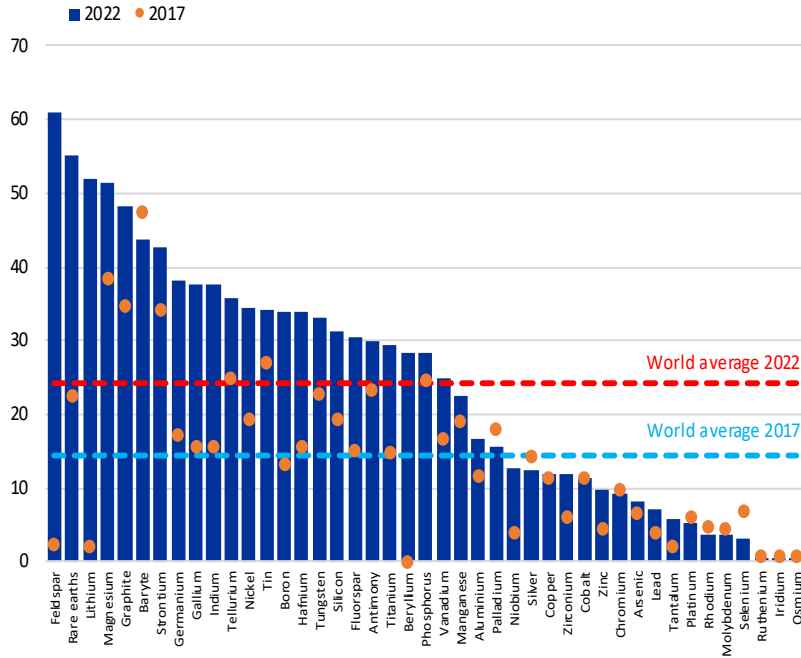
Cumulative public R&D multipliers

(y-axis: EUR of GDP increase per EUR of public R&D invested; x-axis: years)



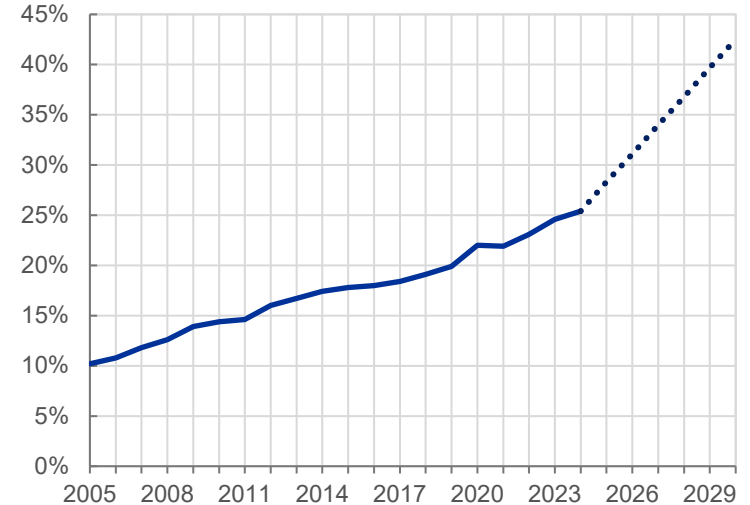
Source: Eurosystem estimates.

Critical raw materials subject to export restrictions (% of exports)



Source: EBRD Transition Report 2023-24.

Share of energy consumption from renewables in EU (percent)



Source: European Environment Agency.

Notes: The dotted line presents a linear trajectory to the minimum EU target for renewable sources of 42.5% by 2030.

Latest observation: 2024.



Wholesale finance:

Tokenised central
bank money
settlement



Retail payments:

Digital euro



Cross-border payments:

TIPS interlinking
across borders

Thank you very much for your attention!