

Crisis could claim third of big global banks: McKinsey

October 21 2019



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US consulting firm McKinsey said Monday that a third of big global banks may not survive a major financial shock, with those in western

Europe and Asia most at risk.

The study by McKinsey looked at 1,000 banks in developed and emerging countries and found that just over a third of them had made a return on capital of just 1.6 percent over the past three years.

This compares to returns of just over 17 percent for top banks over the same period.

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"To survive a downturn, merging with similar banks may be the only option if a full reinvention is not feasible," it said.

McKinsey sees the issue as urgent as global growth stutters.

"While the jury is still out on whether the current market uncertainty will result in an imminent recession or a prolonged period of slow growth, the fact is that growth has slowed," it said.

"This is likely the last pit stop in this cycle for banks to rapidly reinvent [business models](#) and scale up" via acquisitions, it added.

"The time for bold and critical moves is now."

While the concerns about the global expansion running out of steam have been around for years, McKinsey said banks are not as well-prepared for a downturn as they were when the [global financial crisis](#) erupted in 2007 in terms of profitability.

The ultra-low and even negative interest rates that have prevailed in

recent years as leading [central banks](#) have tried to ward off deflation and boost growth have made it difficult for commercial banks to earn money from traditional lending.

To compensate for low rates certain banks have increased the volume of their lending, a strategy that could put them in danger in the case of an economic downturn.

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Citation: Crisis could claim third of big global banks: McKinsey (2019, October 21) retrieved 4 February 2023 from <https://phys.org/news/2019-10-crisis-big-global-banks-mckinsey.html>

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