

## Macro Roundup Article

**Headline:** [Europe's Financial Sector is a Drag](#)

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**Tweet:** Between 2009-23 the S&P; 500 saw gains 5x of the Euro Stoxx 50 in local currency terms. Rebecca Patterson argues Europe's financial sector is dragging down economic growth by failing to "pump sufficient capital and liquidity" into European firms.

**Summary:** Europe's relatively narrow and fragmented financial industry is like a weak financial heart that struggles to pump sufficient capital and liquidity to support healthy European companies and economic growth. The gap between US and European financial sectors has widened steadily since the 2008-2009 crisis, after which banking regulations were notably tightened. Indeed, the total market capitalisation of European banks (including the UK and Switzerland) fell from \$2.7tn in 2007 to \$1.4tn by 2021, according to a recent study by the Official Monetary and Financial Institutions Forum, a think-tank. Europe's decline is even more striking when compared with the increase in US bank market capitalisation: from \$1.6tn to \$2.6tn. Related: [How The US Is Crushing Europe's Domestic Exchanges and Europe Has Fallen Behind America and the Gap is Growing and From Strength To Strength](#)

**Primary Topic:** Financial Markets

**Topics:** Financial Markets, GDP, Op-Ed/Blog Post

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