

5

Structural reform

This chapter presents the latest assessment of transition challenges in the EBRD regions, looking at whether economies are competitive, well governed, green, inclusive, resilient and integrated. It also provides, for the first time, an assessment of six comparator economies in sub-Saharan Africa (SSA): Benin, Côte d'Ivoire, Ghana, Kenya, Nigeria and Senegal. Their scores tend to be lower than those of EBRD economies, in line with their lower levels of income per capita. The largest gap between the two is in the area of integration, with a smaller gap in the area of inclusion. Since 2016, SSA economies have seen marked improvements in competitiveness and resilience, while little progress has been made in terms of integration.





Introduction

This chapter presents the latest assessment of transition challenges in the EBRD regions, tracking progress in the area of structural reform. It focuses on six key qualities of a sustainable market economy, looking at whether economies are competitive, well governed, green, inclusive, resilient and integrated. For each quality, progress is assessed on a scale

of 1 to 10, where 1 denotes the worst possible performance and 10 corresponds to the standards of a sustainable market economy. Those “assessment of transition qualities” (ATQ) scores are based on a wide range of external and internal data sources and calculated in accordance with a detailed methodology (see Table 5.1).¹

TABLE 5.1. ATQ scores for six key qualities of a sustainable market economy: the EBRD regions

	Competitive			Well governed			Green			Inclusive			Resilient			Integrated		
	2024	2023	2016	2024	2023	2016	2024	2023	2016	2024	2023	2016	2024	2023	2016	2024	2023	2016
Central Europe and the Baltic states (CEB)																		
Croatia	5.84	5.81	5.85	6.51	6.19	6.32	6.91	6.90	6.01	6.88	6.83	6.93	6.73	6.73	6.01	6.67	6.65	6.27
Czechia	6.43	6.42	6.50	7.55	7.50	7.08	7.15	7.18	6.59	7.10	7.09	6.98	7.50	7.52	7.58	7.63	7.58	7.93
Estonia	7.59	7.59	7.24	8.83	8.82	8.59	7.17	7.08	6.22	7.79	7.76	7.33	7.53	7.54	7.44	7.72	7.68	7.57
Hungary	6.08	6.07	5.98	6.04	6.02	5.89	6.86	6.83	6.14	6.28	6.29	6.19	7.02	7.01	6.76	7.46	7.33	7.15
Latvia	6.12	6.10	6.04	7.57	7.55	6.93	7.10	7.11	6.31	7.19	7.19	6.79	7.15	7.18	6.96	7.46	7.38	7.28
Lithuania	6.44	6.41	6.31	7.93	7.96	7.36	7.14	7.17	6.53	7.33	7.26	7.07	7.27	7.27	6.89	7.66	7.59	6.98
Poland	6.28	6.27	6.27	6.85	6.85	7.46	7.05	7.05	6.53	7.13	7.08	7.00	7.49	7.49	7.31	7.13	7.02	6.75
Slovak Republic	6.28	6.27	6.17	6.63	6.62	6.32	7.20	7.27	6.75	6.81	6.82	6.64	7.64	7.63	7.50	7.26	7.33	7.29
Slovenia	6.28	6.26	6.33	7.27	7.26	7.28	7.31	7.29	6.70	7.64	7.55	7.28	7.45	7.41	7.18	7.40	7.32	6.72
South-eastern Europe (SEE)																		
Albania	4.95	4.93	4.79	4.88	4.87	5.43	4.89	4.89	4.86	5.54	5.59	5.06	4.65	4.61	4.35	5.51	5.50	5.41
Bosnia and Herzegovina	4.62	4.60	4.56	4.24	4.25	4.84	5.38	5.32	4.74	5.65	5.68	5.46	4.86	4.83	4.69	5.19	5.22	4.72
Bulgaria	5.51	5.49	5.41	6.08	6.03	5.97	6.67	6.59	5.55	6.19	6.17	5.86	6.10	6.06	5.81	6.70	6.65	6.75
Greece	5.50	5.50	5.84	6.05	6.06	5.84	6.72	6.74	6.00	6.99	6.96	6.74	7.21	7.16	6.85	7.08	7.10	5.90
Kosovo	5.30	5.28	4.91	4.95	4.99	5.09	3.72	3.71	3.56	5.58	5.50	5.43	4.59	4.56	4.10	6.51	6.43	6.01
Montenegro	5.45	5.43	5.17	6.49	6.45	6.06	6.21	6.20	5.48	5.95	5.93	5.55	5.39	5.35	4.96	5.81	5.79	5.30
North Macedonia	5.09	5.09	4.85	5.59	5.56	5.92	5.67	5.68	4.83	5.65	5.57	5.38	5.26	5.25	4.77	6.39	6.36	5.52
Romania	6.11	6.08	5.73	6.31	6.32	6.12	6.70	6.64	5.97	6.08	6.07	6.01	6.66	6.66	6.23	6.71	6.67	6.42
Serbia	5.29	5.28	5.10	6.08	6.11	5.86	5.51	5.52	4.99	5.99	5.98	5.68	5.19	5.17	5.04	6.59	6.55	5.87
Türkiye	5.64	5.62	5.64	6.15	6.22	6.13	5.39	5.38	4.95	5.42	5.41	5.36	6.61	6.66	6.40	6.10	5.99	5.99
Eastern Europe and the Caucasus (EEC)																		
Armenia	4.41	4.38	4.08	6.52	6.39	5.97	5.73	5.71	5.40	5.23	5.20	4.98	5.61	5.61	4.90	5.67	5.61	5.16
Azerbaijan	3.99	3.98	4.03	5.68	5.74	5.36	5.04	5.01	4.72	5.65	5.60	5.46	3.30	3.24	3.27	5.18	5.15	5.53
Georgia	4.88	4.84	4.53	6.32	6.39	6.58	5.51	5.48	5.03	5.50	5.50	5.28	5.55	5.56	4.50	6.52	6.57	5.80
Moldova	4.58	4.57	4.43	5.23	5.19	4.70	4.70	4.71	4.33	5.77	5.69	5.56	4.70	4.76	4.36	5.15	5.22	5.17
Ukraine	4.72	4.72	4.85	4.52	4.48	4.30	5.46	5.44	5.08	5.90	5.92	5.63	4.54	4.51	3.74	5.24	5.31	5.29
Central Asia																		
Kazakhstan	4.87	4.85	4.71	6.33	6.32	5.77	5.07	5.09	4.67	5.63	5.59	5.27	5.46	5.42	5.01	5.22	5.24	4.91
Kyrgyz Republic	3.78	3.78	3.64	4.36	4.46	4.44	4.87	4.86	4.49	4.93	4.94	4.79	4.22	4.20	4.18	4.53	4.57	4.20
Mongolia	3.91	3.90	4.23	5.33	5.00	5.48	4.64	4.68	4.76	5.65	5.66	5.23	4.54	4.54	4.22	5.18	5.28	4.74
Tajikistan	3.34	3.33	3.24	4.66	4.74	4.31	5.41	5.40	5.14	4.04	4.02	3.86	3.47	3.47	2.91	4.05	4.08	3.41
Turkmenistan	3.02	3.02	3.27	2.85	2.88	3.01	4.86	4.84	4.85	4.45	4.41	4.19	3.33	3.33	3.14	4.24	4.30	4.24
Uzbekistan	3.77	3.76	3.50	5.00	5.02	4.79	5.42	5.40	4.91	4.78	4.67	4.39	3.76	3.76	3.40	5.25	5.19	4.37
Southern and eastern Mediterranean (SEMED)																		
Egypt	3.54	3.53	3.52	5.57	5.58	4.95	4.98	5.08	4.53	4.33	4.30	4.28	4.63	4.61	4.29	5.66	5.58	4.70
Jordan	4.53	4.52	4.57	6.12	6.15	6.08	5.34	5.34	5.58	5.01	4.91	4.54	5.06	5.06	4.63	5.58	5.56	5.94
Lebanon	4.30	4.29	4.57	3.63	3.65	4.11	4.79	4.80	4.94	4.29	4.30	4.65	2.95	2.95	3.89	5.19	5.09	5.13
Morocco	3.81	3.80	3.71	5.89	5.86	5.60	5.29	5.29	5.18	4.91	4.88	4.66	4.69	4.68	4.53	5.24	5.18	5.07
Tunisia	3.91	3.91	4.13	4.88	4.90	5.25	4.79	4.82	4.65	4.96	4.98	4.86	4.00	3.98	3.63	4.89	4.93	4.70
West Bank and Gaza	2.56	2.56	2.35	3.60	3.61	3.52	4.13	4.14	3.96	3.87	3.88	3.88	3.68	3.68	3.50	4.59	4.61	4.16

Source: EBRD.

Note: Scores are on a scale of 1 to 10, where 10 represents a synthetic frontier corresponding to the standards of a sustainable market economy. All scores have been updated following methodological changes, so they may differ from those published in previous years' reports. Owing to lags in the availability of underlying data, ATQ scores for 2024 and 2023 may not fully correspond to developments in those calendar years. Exceptionally, Chapter 5 treats Greece as part of the SEE region.

¹ See <https://2024.tr-ebrd.com/structural-reform> for a detailed description of that methodology and <https://2024.tr-ebrd.com/countries> for a comprehensive overview of structural reforms over the past 12 months.

Introducing comparator economies in sub-Saharan Africa

For the first time, the analysis in this chapter also covers six new comparator economies in sub-Saharan Africa: Benin, Côte d'Ivoire, Ghana, Kenya, Nigeria and Senegal (see Table 5.2 and Chart 5.1).

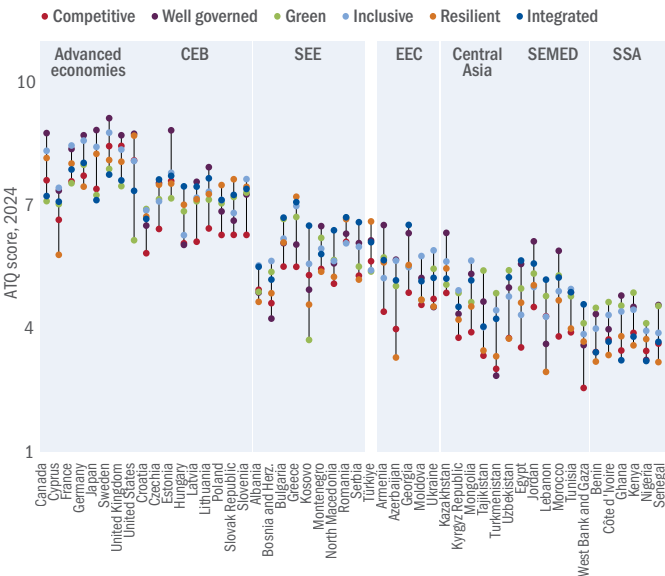
TABLE 5.2. ATQ scores for six key qualities of a sustainable market economy: comparator economies

	Competitive			Well governed			Green			Inclusive			Resilient			Integrated		
	2024	2023	2016	2024	2023	2016	2024	2023	2016	2024	2023	2016	2024	2023	2016	2024	2023	2016
Advanced economies																		
Canada	7.61	7.61	7.51	8.76	8.74	9.04	7.10	7.13	6.52	8.33	8.34	8.21	8.15	8.16	8.11	7.23	7.24	7.22
Cyprus	6.65	6.64	7.10	7.36	7.37	7.19	7.03	7.08	6.04	7.43	7.39	7.14	5.80	5.73	5.55	7.09	7.13	6.95
France	7.58	7.58	7.48	8.37	8.38	8.28	7.54	7.52	7.43	8.46	8.45	8.36	8.02	8.05	7.89	7.87	7.96	7.60
Germany	7.72	7.72	7.84	8.71	8.71	9.01	7.99	7.97	7.81	8.58	8.59	8.45	7.46	7.47	7.51	8.03	7.97	7.90
Japan	7.40	7.39	7.37	8.83	8.84	8.73	7.25	7.26	7.23	8.42	8.42	8.20	8.25	8.26	8.02	7.13	7.16	7.30
Sweden	8.44	8.45	8.09	9.12	9.13	9.33	7.89	7.91	7.69	8.77	8.75	8.65	8.10	8.11	8.01	7.75	7.70	7.77
United Kingdom	8.45	8.44	8.50	8.71	8.73	9.15	7.47	7.45	7.25	8.36	8.38	8.43	8.06	8.09	7.89	7.61	7.54	7.66
United States of America	8.09	8.09	8.20	8.74	8.78	8.81	6.15	6.20	6.70	8.08	8.08	7.91	8.70	8.68	8.54	7.35	7.32	7.37
Sub-Saharan Africa																		
Benin	3.43	3.43	3.04	4.35	4.23	3.79	4.50	4.50	4.38	4.00	4.01	3.98	3.20	3.25	3.04	3.42	3.29	3.18
Côte d'Ivoire	3.73	3.73	3.25	3.98	3.75	3.95	4.65	4.65	4.31	4.33	4.36	3.95	3.36	3.41	3.04	3.68	3.66	3.65
Ghana	3.47	3.47	3.23	4.80	4.57	4.62	4.56	4.56	4.46	4.42	4.41	4.41	3.81	3.90	2.99	3.23	3.24	3.39
Kenya	3.90	3.89	3.70	4.53	4.41	4.36	4.87	4.87	4.67	4.46	4.43	4.44	3.59	3.65	3.17	3.80	3.86	4.10
Nigeria	3.46	3.46	3.37	3.24	3.15	3.48	4.13	4.13	3.78	3.95	3.96	4.04	3.74	3.74	2.97	3.21	3.25	3.46
Senegal	3.64	3.63	3.23	4.57	4.36	4.32	4.55	4.55	4.41	3.90	3.89	3.68	3.18	3.23	3.04	3.68	3.64	3.05
Other comparators																		
Bangladesh	3.55	3.54	3.45	5.77	5.83	5.73	4.33	4.46	4.07	3.65	3.64	3.68	5.47	5.47	5.10	4.09	4.27	4.37
Belarus	4.73	4.72	4.39	4.59	4.69	4.77	5.56	5.58	5.54	5.52	5.55	5.69	3.48	3.44	3.17	6.17	6.04	5.38
Brazil	4.67	4.67	4.50	5.98	6.04	6.04	5.92	5.94	5.84	5.57	5.58	5.46	5.74	5.70	5.37	5.14	5.05	5.07
Colombia	4.31	4.30	4.41	6.29	6.24	6.37	5.73	5.74	5.59	5.12	5.11	5.11	5.76	5.78	5.53	5.55	5.50	5.06
Mexico	4.86	4.86	4.84	6.27	6.27	6.36	5.50	5.52	5.38	5.20	5.20	5.00	5.77	5.75	5.42	5.72	5.85	5.51
Russia	5.16	5.13	5.02	5.48	5.37	5.56	5.59	5.58	5.09	5.02	5.05	4.98	5.68	5.68	5.28	4.73	4.87	5.41
South Africa	5.70	5.70	5.74	7.36	7.40	7.99	4.58	4.65	4.74	4.93	4.92	4.92	5.60	5.60	5.29	5.87	5.89	5.84
Thailand	5.55	5.54	5.38	7.08	7.05	6.72	5.40	5.44	5.16	5.23	5.23	5.00	6.07	6.06	5.56	6.10	5.99	5.73

Source: EBRD.

Note: Scores are on a scale of 1 to 10, where 10 represents a synthetic frontier corresponding to the standards of a sustainable market economy. All scores have been updated following methodological changes, so they may differ from those published in previous years' reports. Owing to lags in the availability of underlying data, ATQ scores for 2024 and 2023 may not fully correspond to developments in those calendar years.

CHART 5.1. ATQ scores for six key qualities of a sustainable market economy, 2024



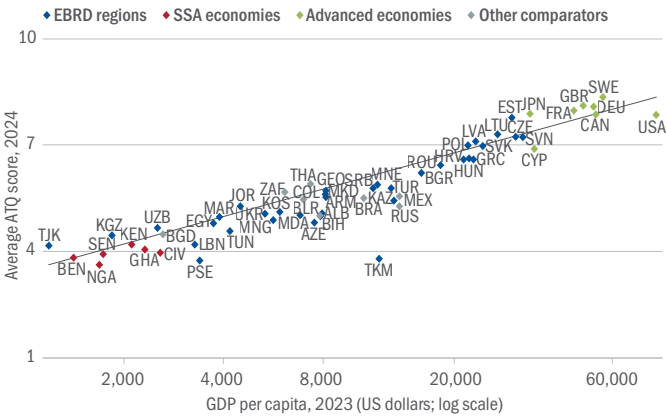
Source: EBRD.

Note: Scores are on a scale of 1 to 10, where 10 represents a synthetic frontier corresponding to the standards of a sustainable market economy.

Overall, the scores for SSA economies tend to be lower than those of EBRD economies, broadly in line with their lower levels of income per capita at market exchange rates (see Chart 5.2 and Carruthers and Plekhanov (2023) for a discussion of the relationship between income per capita and ATQ scores). At the same time, ATQ scores for economies in Central Asia with comparable levels of income per capita are, on average, somewhat higher than one would expect on the basis of their income per capita alone.

In terms of the individual qualities of a sustainable market economy, the largest gap between the SSA region and EBRD economies is in the area of integration, reflecting the scarce infrastructure and low levels of intra-regional trade and investment in sub-Saharan Africa (see Chart 5.3). The SSA region stands out for its low levels of cross-border trade and the scarcity of transport and fixed-line broadband infrastructure, even when its modest levels of income per capita are taken into account (see Charts 5.4 and 5.5). Indeed, imports and exports are equivalent to less than 50 per cent of GDP in Kenya and Côte d'Ivoire, compared with around 100 per cent in the Kyrgyz Republic and Tunisia.

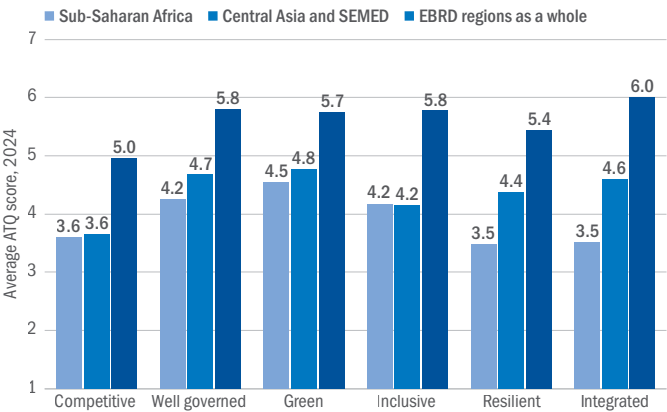
CHART 5.2. Scores for SSA economies tend to be lower than those of EBRD economies, in line with their lower levels of income per capita



Source: EBRD, IMF and authors' calculations.

Note: ATQ scores are simple averages of the scores for the six qualities. The horizontal axis shows GDP per capita in 2023 at market exchange rates.

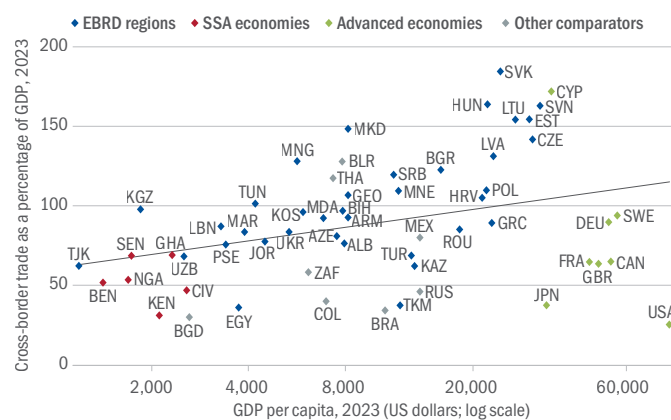
CHART 5.3. The largest gap between the SSA region and EBRD economies is in the area of integration



Source: EBRD and authors' calculations.

Note: Figures are simple averages of the 2024 scores for the economies in the relevant grouping.

CHART 5.4. The SSA region's low levels of cross-border trade stand out even when its modest levels of income per capita are taken into account

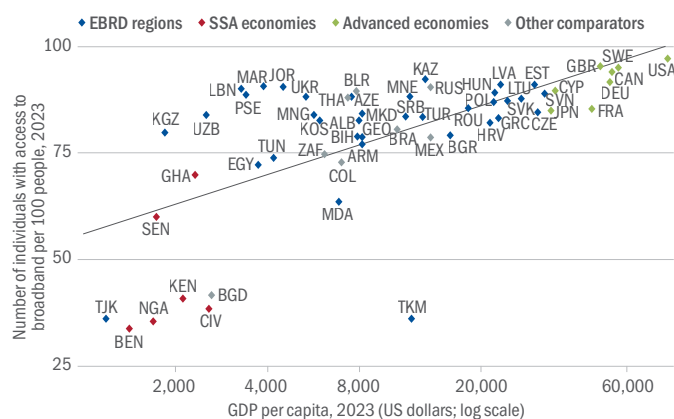


Source: World Bank, IMF and authors' calculations.

Note: The horizontal axis shows GDP per capita in 2023 at market exchange rates.

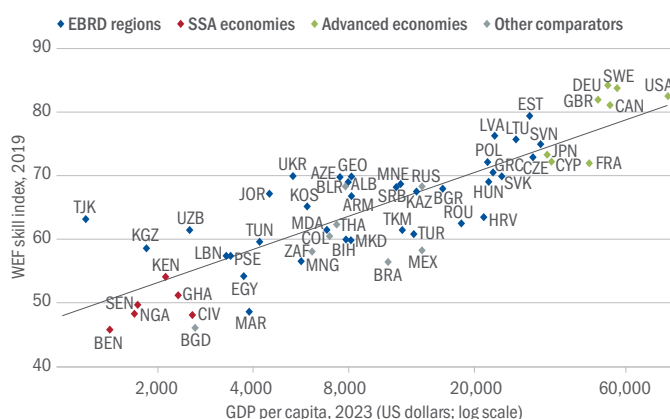
Overall, the
**ATQ SCORES
FOR SSA ECONOMIES**
tend to be lower than
those of EBRD economies,
broadly in line with
their lower levels of
income per capita at
market exchange rates

CHART 5.5. The SSA region has low levels of broadband internet penetration



Source: International Telecommunication Union, IMF and authors' calculations.

Note: The horizontal axis shows GDP per capita in 2023 at market exchange rates.

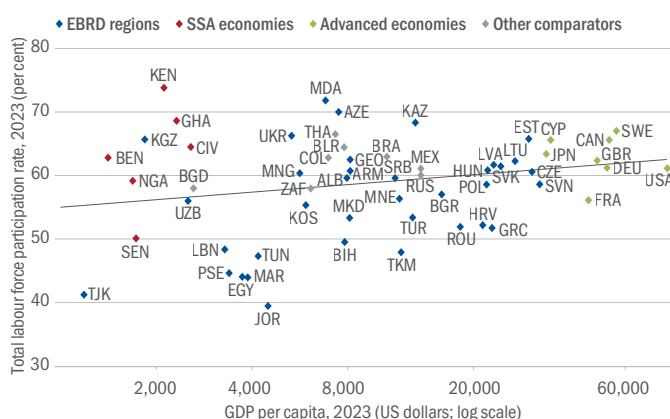
CHART 5.6. There is a clear skill deficit in SSA economies

Source: WEF, IMF and authors' calculations.

Note: The horizontal axis shows GDP per capita in 2023 at market exchange rates.

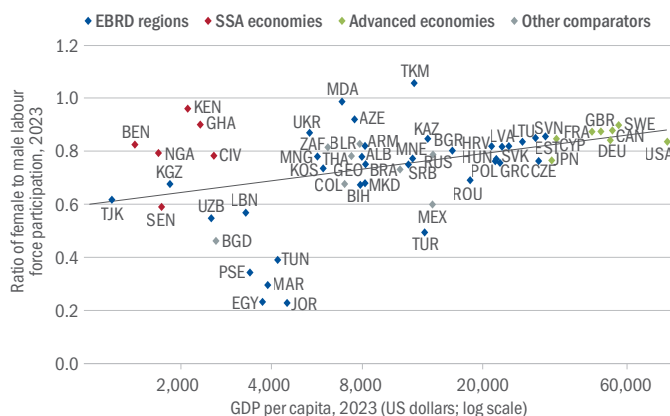
Relative to advanced economies, there is also a large gap in the area of competitiveness, reflecting the low levels of productivity and skills in SSA economies (see Chart 5.6). In this analysis, scores for skills are based on the global competitiveness indicators produced by the World Economic Forum (WEF), combining average years of schooling and measures of school infrastructure with qualitative indicators covering the perceived quality of vocational training, graduates' skill sets, digital skills, the ease of finding skilled employees and use of critical thinking in teaching.

Meanwhile, the average inclusion score for the SSA region is, if anything, slightly higher than the average for Central Asia and the SEMED region – EBRD economies with relatively low levels of income per capita. This reflects the relatively high total labour force participation rates in SSA economies (with the possible exception of Senegal), as well as high levels of female labour force participation (see Charts 5.7 and 5.8).

CHART 5.7. SSA economies have high levels of total labour force participation relative to their income per capita

Source: International Labour Organization (ILO), IMF and authors' calculations.

Note: The horizontal axis shows GDP per capita in 2023 at market exchange rates.

CHART 5.8. The SSA region also has high levels of female labour force participation relative to its income per capita

Source: ILO, IMF and authors' calculations.

Note: The horizontal axis shows GDP per capita in 2023 at market exchange rates. The vertical axis shows the ratio of the female labour force participation rate to the male labour force participation rate, with higher values denoting a smaller gender gap.

Trends in ATQ scores since 2016

In the period since 2016 – the year that ATQ scores were first published – the largest overall improvements in the EBRD regions have been seen in the areas of integration and the green economy, with the smallest amounts of progress being observed in the areas of competitiveness, inclusion and governance (see Chart 5.9).

Remaining gaps relative to advanced economies

Advanced economies have, if anything, gone backwards since 2016 in the area of governance (see Chart 5.9). However, the governance gap between the EBRD regions and advanced economies remains large (and is larger than those observed for the other five qualities of a sustainable market economy using the ATQ metric). This is consistent with the findings set out in the *Transition Report 2019-20*, which highlighted the persistent governance deficit in the EBRD regions relative to economies' levels of economic development.²

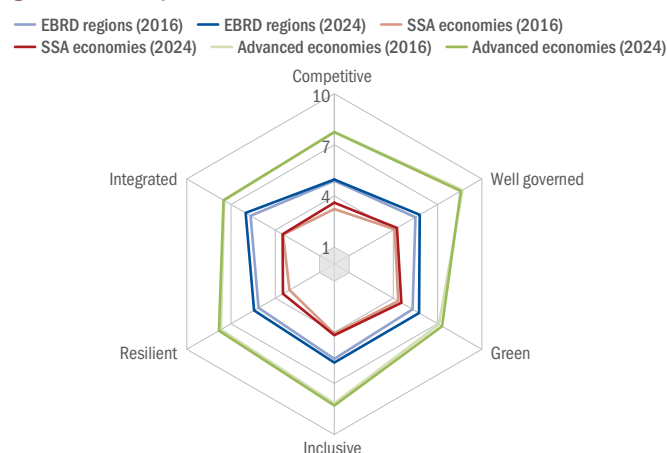
Persistent gaps in the area of governance primarily reflect perceived deficiencies relating to the protection of intellectual property rights, corruption, the rule of law, the effectiveness of government policymaking, transparency and disclosure standards.

There is also a pronounced gap relative to advanced economies in the area of competitiveness. This reflects large gaps relating to exports of advanced business services, skills and productivity, the quality of transport and logistics services, access to finance, and the economic complexity of production and exports.

The smallest gap between the EBRD regions and advanced economies is in the area of integration. However, significant gaps persist here, too, particularly when it comes to transport and logistics services, the quality of transport infrastructure and the connectivity of the electricity grid.

There is also a more modest gap in the area of the green economy. Most economies in the EBRD regions exhibit gaps relative to more advanced economies when it comes to a fair transition, vehicle emission standards, the implementation of carbon-pricing mechanisms and greenhouse gas emissions from industrial activities.

CHART 5.9 . Since 2016, EBRD economies have made the most progress in the areas of integration and the green economy



Source: EBRD and authors' calculations.

Note: Figures are simple averages of the scores for the economies in the relevant grouping.

In the area of inclusion, gaps relative to advanced economies are most pronounced when it comes to financial inclusion, ICT skills,³ access to affordable fixed-line broadband and attitudes regarding women's role in the economy.

In the area of resilience, meanwhile, gaps between the EBRD regions and higher-income economies are especially pronounced when it comes to the development of local capital markets, particularly as regards the availability of money market benchmarks, bond issuance in local currencies by financial institutions and firms, and the activity levels of insurance companies, pension funds and other non bank financial institutions.

² See EBRD (2019).

³ See EBRD (2024) for evidence.

Trends in SSA economies since 2016

In the period since 2016, SSA economies have made the most progress in the areas of resilience and competitiveness (see Chart 5.9). Improvements in competitiveness reflect increases in labour productivity, growth in exports of ICT and financial services as a percentage of GDP, increases in the number of new firms and a decline in subsidies as a percentage of GDP. Higher resilience scores, meanwhile, reflect improved liquidity ratios in the region's banking systems, lower non-performing loan (NPL) ratios and lower levels of loan dollarisation. At the same time, however, those improvements to SSA economies' ATQ scores are modest as a percentage of the remaining gap relative to advanced economies or the EBRD regions.

In contrast, little progress has been observed since 2016 in the area of integration, despite a large gap relative to advanced economies in that area. That lack of progress reflects the slow pace of improvements to the quality of transport infrastructure, as well as a decline in observed levels of openness to trade and investment. In fact, exports and imports have declined as a percentage of GDP in all SSA economies except Senegal, while inflows of FDI and foreign portfolio investment have fallen as a percentage of GDP in Benin, Ghana and Nigeria. Progress has also been fairly limited in the area of inclusion, albeit the SSA region started from a stronger position in that respect.

Changes to scores since last year

Changes to scores since last year's *Transition Report* reflect (i) recent developments in the economies in question, (ii) a number of methodological changes (such as the fact that exports of advanced business services are now expressed as a percentage of GDP, rather than as a percentage of total exports of services, in order to measure their contribution to economic activity more accurately) and (iii) changes to historical data series (such as the updating of data on greenhouse gas emissions, which are now sourced from the World Resources Institute and were previously sourced from the International Energy Agency). Where changes have been made to the methodology or historical data, all scores for earlier years have also been updated.

The analysis in this section looks at differences between (i) the updated scores for 2023 (as presented in Table 5.1), which largely reflect indicators for 2022, and (ii) the newly calculated scores for 2024 (which are based on the latest information available, much of which relates to 2023).

Across the six key qualities of a sustainable market economy, increases in scores over the last year have been concentrated in the CEB and SEE regions, while declines have been observed primarily in the SEMED region and Central Asia.

Across the EBRD regions, the largest improvements have tended to be observed in the areas of inclusion, integration and, to a lesser extent, competitiveness. Inclusion scores have increased particularly strongly in Uzbekistan and Jordan. In Uzbekistan, the percentage of young people who are not in employment, education or training has declined, while an indicator based on the Women, Business and the Law index has improved. Jordan, meanwhile, has seen its male and female labour force participation rates increase. In contrast, Albania and Bosnia and Herzegovina have seen their inclusion scores fall, primarily on account of declining labour force participation rates.

Integration scores have increased significantly in Hungary, Poland and Türkiye, driven in part by improvements in broadband internet infrastructure and, in some cases, stronger net inflows of FDI as a percentage of GDP. In contrast, falling scores in Moldova and Mongolia reflect declines in FDI and portfolio investment inflows as a percentage of GDP. In the Slovak Republic and Ukraine, meanwhile, declining scores reflect a reduction in cross-border trade as a percentage of GDP.

Competitiveness scores have risen appreciably in Armenia, Croatia, Georgia, Lithuania and Romania, primarily as a result of improvements in labour productivity.

At the same time, scores for governance have declined slightly further on average, contributing to the large and persistent governance gap relative to advanced economies that was discussed earlier in the chapter. Croatia and Mongolia have seen their governance scores increase markedly, reflecting better compliance with standards aimed at tackling money laundering and improved corporate governance. However, significant declines have been recorded in Georgia, the Kyrgyz Republic, Tajikistan and Türkiye, primarily reflecting changes to indicators measuring media freedom and perceptions of corruption.

Across the EBRD regions, changes to average scores in respect of the green economy and resilience have been fairly limited. Green scores have improved modestly in a number of economies in the CEB region owing to increased production of renewable energy, as well as improved protection of land and maritime areas and a reduction in fossil fuel subsidies. In contrast, a marked decline has been observed in Egypt as a result of increased water stress.

While Ukraine's overall score for resilience has risen, its score for energy resilience has fallen, reflecting the negative impact that Russia's war on Ukraine has had on the operations of the state-owned gas company. Azerbaijan and Greece, meanwhile, have seen their financial resilience scores improve significantly. In Azerbaijan, that increase reflects improved loan-to-deposit ratios, lower NPL ratios, a decline in foreign-denominated loans and an increase in the average return on assets in the banking sector. The increase in Greece's financial resilience score has been driven mainly by improved capital adequacy ratios, increased provisioning for NPLs and lower NPL ratios. In contrast, Türkiye's financial resilience score has fallen, reflecting lower liquidity ratios, reduced provisioning for NPLs and a decline in the average return on assets in the banking system.

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