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Debt securities issuance as an instrument for managing the capital structure of banks in the euro area in 2015–2025

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Abstract

This article examines debt securities issuance as an instrument for managing the capital structure of banks in the euro area between 2015 and 2025. Particular attention is paid to their role in diversifying funding sources, managing liquidity and adapting banks' liability structures to evolving prudential and regulatory requirements. The study also considers the importance of debt instruments in strengthening banks' loss-absorbing capacity and supporting compliance with resolution requirements, including the minimum requirement for own funds and eligible liabilities (MREL). The research employs document analysis and ratio analysis based on European Central Bank (ECB) statistical data on monetary financial institutions' balance sheets for 2015–2025. It examines changes in the volume and share of debt securities in bank liabilities, as well as geographical differences in issuance activity across euro area countries. Particular emphasis is placed on explaining issuance trends in the context of prudential regulations, monetary policy and financial market conditions. The findings indicate that deposits remain the dominant source of bank funding, while debt securities play a complementary role in diversifying liabilities and reducing dependence on traditional funding sources. The analysis reveals significant geographical disparities, with issuance activity concentrated in the largest euro area economies. The results suggest that issuance decisions are driven not only by funding needs and market conditions but also by the need to adapt liability structures to prudential requirements. Consequently, debt securities constitute an important instrument of capital structure management, supporting regulatory compliance, financial stability and the resilience of the euro area banking sector.

Keywords: Bank Funding; Debt Issuance; Financial Stability; Prudential Regulations; Regulatory Framework