

## Spain following Greece down a road that may become well..

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[Megan Greene of Roubini Global Economics](#) wrote the following this morning:

*Spain's credit boom peaked in 2008 when the supply of cheap, external finance began to fall sharply. Four years later, Spanish banks' asset quality continues to plummet. The sector will require a €100-250bn in recapitalisation later this year to maintain a 9 per cent core tier one capital ratio, the minimum stipulated by the European Banking Authority. In the meantime, there are concerns about the capacity and appetite of Spanish banks to support the sovereign debt, particularly amid rating downgrades and deposit withdrawals.*

Let's put that in context. Call it a €150bn and that's the NHS budget is going to be needed to cover Spain's banks, this year.

Or it's 15% of the value of UK pension funds (excluding insurance funds).

Now that's not going to happen is it? The market's not going to throw that good money after bad. So it's the Troika that will be back in action. And that's where Greece is now.

Is Spain going down the same road?

If so this is going to be a road well travelled - but at massive cost.

Germany had better start reconciling itself to bail outs for all our sakes is all I can say.