Bank office report 2016
Development of the bank office network in 2016
Development of the bank office network in 2016

I Number of credit institutions (see Annex 1)

The consolidation process in the German banking sector gained momentum last year. 

The total number of credit institutions\(^1\) in Germany (including legally dependent building and loan associations) fell since 2015 by 72, or 3.7%, from 1,960 to 1,888 institutions (by comparison: 2014: 1,990 institutions; 2006: 2,301 institutions; 2001: 2,896 institutions). Whereas, especially in the 1990s and the first half of the following decade, the number of credit institutions fell sharply, the consolidation process has been muted since then, especially since 2008; however, it has undergone a resurgence since 2013.

Developments in the total number of credit institutions

![Graph showing developments in the total number of credit institutions from 1990 to 2016.]

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Sectoral distribution

In terms of the individual categories of banks, as in previous years the largest decrease, of 51 institutions, was in the cooperative sector (regional institutions of credit cooperatives, credit cooperatives, other credit institutions affiliated with the Federal Association of People’s Banks and Raiffeisen Banks (Bundesverband der Deutschen Volksbanken und Raiffeisen-

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\(^1\) The bank office statistics and bank office report comprise credit institutions which conduct at least one of the types of banking business listed in section 1 (1) sentence 2 of the German Banking Act (Kreditwesengesetz). By contrast, monetary financial institutions (MFIs) comprise those institutions which form the money-issuing sector of the euro area. These include central banks, resident credit institutions as defined in Community law, and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms), to grant credit and/or invest in securities.
The number of cooperative institutions declined by 5.0% during the course of the year from 1,027 to only 976 institutions. This contraction was considerably stronger than in the preceding year (24 institutions, or 2.4%).

There were ten departures attributable to mergers from the savings bank sector (Landesbanken and savings banks) in 2016 (2015: three departures; 2014: one departure). At the end of 2016, the number of institutions stood at 412, of which nine were Landesbanken, as before.

The number of commercial banks (big banks, regional and securities trading banks and other commercial banks, branches of foreign banks and securities trading banks) dropped by nine institutions, taking the figure to 381 institutions (2015: one departure; 2014: two additions). In 2016, “Branches of foreign banks and securities trading banks” saw three departures net, while the number of “Regional and securities trading banks and other commercial banks” contracted by six on balance. The number of “Big banks” remained unchanged at four.

Owing to the departure of a mortgage bank, a public building and loan association and a guarantee bank, alongside the addition of a special purpose bank, the total number of “Other banks” fell by two net to 119 institutions. However, the number of other institutions belonging to this category (private building and loan associations, central securities depositories, housing enterprises with savings facilities) remained unchanged in 2016.

Altogether, there were 24 additions versus 96 departures.

Number of credit institutions (total as at 31 Dec 2016: 1,888 institutions)
The new additions and departures are distributed across the individual categories of banks as follows.

### New additions and departures of credit institutions in 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Additions</th>
<th>Departures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>22</td>
<td>-31</td>
</tr>
<tr>
<td>Savings banks and Landesbanken</td>
<td>0</td>
<td>-10</td>
</tr>
<tr>
<td>Cooperative institutions</td>
<td>1</td>
<td>-52</td>
</tr>
<tr>
<td>Other institutions</td>
<td>1</td>
<td>-3</td>
</tr>
</tbody>
</table>

The highest numerical change, an increase of 12 institutions (previous year: 19), was recorded by the branches of foreign banks and securities trading banks belonging to the “Commercial banks” sector. One of the new institutions was created by a takeover of another institution’s operations, for which there was simultaneously a corresponding departure, and the other 11 by the establishment of new branches, 8 of which (previous year: 12) were accounted for alone by UK securities trading firms. On the other hand, 15 departures (previous year: 14) caused a slight net reduction in the total number of institutions in this category to 188. Of the 15 departures in this category, ten entail a discontinuation of business operations and five a transfer of business to other institutions. Over the course of 2016, the number of regional and securities trading banks and other commercial banks shrank fairly significantly to 189 institutions, with 10 additions versus 16 departures. Whereas six entities were newly established and four were created by takeovers, the composition of the departures is as follows: five institutions turned in their licences, five departed through mergers, four involved a transfer of business operations, one institution declared insolvency and one was reorganised into a special purpose bank.

The number of big banks remained unchanged at four.
Once again, the largest decrease – of 48 institutions (previous year: 25) – was accounted for by the credit cooperatives; their number fell by 4.8%, dropping from 1,009 to 961 institutions. Mergers were the sole cause of this decline. The number of other credit institutions affiliated with the BVR was down to only 14 institutions at the end of 2016 (previous year: 16); one institution was reclassified to a credit cooperative and another departed on account of a merger. Following the merger of WGZ AG into DZ BANK AG, there remains only one regional institution of credit cooperatives.

The reduction of ten institutions (previous year: three) in the savings bank sector, taking the total to 412 institutions, was due entirely to mergers of savings banks. The 412 banks break down into 403 savings banks and nine Landesbanken.

At the end of 2016, the number of private building and loan associations remained unchanged at 12; following a merger, only eight public building and loan associations were left; the total number of building and loan associations in Germany stood at 20 (-1) at end-2016.

In the mortgage bank category, a closure took the figure down to 15 institutions. Owing to a reclassification from the group of regional banks, there are now 20 special purpose banks and, owing to the merger-related departure of one institution, only 16 guarantee banks left. As in 2015, there is one central securities depository. The number of housing enterprises with a saving facility is unchanged at 47.

Regional distribution

**Bavaria**, the largest Federal state by area, is still home to the most credit institutions (404 banks in total) despite seeing a decline of 20 (previous year: 14) institutions (compared with just seven additions, three of which were foreign branches). The reasons for the decline were mergers of 13 credit cooperatives and two savings banks as well as three business closures of regional banks and two of branches of foreign credit institutions and securities trading banks and of one regional bank. Furthermore, one regional bank and one branch of a foreign securities trading firm moved their central office to another Federal state.

**Hesse** recorded the most new additions, with an increase of eight (previous year: 18). Of these, five (previous year: 13) were newly opened branches of foreign banks or securities trading banks (including a total of eight British institutions); one other regional bank as well as a branch relocated their headquarters from North Rhine-Westphalia to Hesse. Of the 19 (previous year: 14) departures, nine (previous year: eight) were in the category of branches of foreign banks or securities trading banks (including four British institutions, compared with two in the previous year) and five to the credit cooperative category owing to mergers. Three regional banks were reported as departing the market. The total number of institutions in this Federal state stood at 318 (previous year: 329) at the end of the year.

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2 Two institutions (as in the previous year) that are legally dependent departments or agencies of their respective Landesbanken are included in the figures for the “Public building and loan associations” category.
North Rhine-Westphalia, the most populous Federal state, remains in third place in terms of the number of banks, with 312 institutions (previous year: 328). This corresponds to a net decrease of 16 (previous year: three) institutions (one addition and 17 departures). Mergers led to the departure of five savings banks and four credit cooperative, and DZ BANK AG was incorporated into WGZ BANK AG, making the latter the central institution of the entire cooperative bank sector. The list of departures is rounded out by three branches of foreign credit institutions and securities trading firms which discontinued their operations, one regional bank which transferred its operations, one securities trading firm which surrendered its licence, and one regional bank and one branch of a foreign securities trading firm, both of which transferred their headquarters to Hesse. By contrast, the only addition to the regional banks came through a transfer of business operations.

Baden-Württemberg saw 17 departures. These included mergers involving 14 credit cooperatives (one of which was an other AG affiliated with the cooperative sector), one savings bank and one regional bank. A securities trading bank discontinued those business activities for which a licence was required. At the end of 2016, there were still 293 banks left in Baden-Württemberg.

In Lower Saxony, a branch of a foreign credit institution opened up for business. In addition, eight departures were recorded owing to mergers of six credit cooperatives, one regional bank and a savings bank, which meant that 170 institutions were still headquartered in the Federal state as at 31 December 2016.

The remaining Federal states each have fewer than 100 resident banks. At the end of 2016, Rhineland-Palatinate reported 85 institution (-7 net), Schleswig-Holstein 55 (-1), Hamburg 41 (-1), Saxony 38, Thuringia 35 (-1), Saxony-Anhalt 31 (-1), Berlin 28 (+3 on balance; 3 new regional banks and the entry of one branch office of a UK securities trading firm, with one regional bank departing owing to a merger), Brandenburg 26, Saarland 20, Mecklenburg-West Pomerania 20 as well and Bremen 12 (departure of one regional bank).

The 98 departures recorded in the statistics also include two relocations of headquarters to other Federal states that occurred last year; in net terms, the number of departures is thus 72 after subtracting the 24 additions. Of the total figure of 98 departures, 78 (previous year: 39) were due to mergers or takeovers by other institutions.

Overall development in the three most important banking sectors

The diagram below charts developments in Germany’s three most important banking sectors by number of institutions since 1990. With 976 banks and a share of 51.7% (previous year: 1,027 banks = 52.4%), the cooperative sector remains the largest category of banks by num-
ber of institutions. The savings bank sector follows by a relatively wide margin, with 412 institutions and a share of 21.8%, compared with 422 institutions at the end of 2015 (= 21.5%). The commercial banks and their 381 institutions account for a share of 20.2% (end of 2015: 390 institutions = 19.9%). The 119 (previous year: 121) other banks (= 6.3%) are not considered in this comparison.

**Number of credit institutions in the three most important banking sectors**

![Graph showing the number of credit institutions](image)

In 1990, there were still 3,377 credit cooperatives and 782 institutions in the savings bank sector, but only 341 commercial banks. The process of consolidation continued at a steady pace up until 2006 – by the end of 2006, Germany had only 1,261 credit cooperatives, 469 institutions in the savings banks sector and 360 commercial banks. The trend decline decelerated significantly as from 2006, yet reaccelerated as from 2013.

**II Branches of credit institutions (see Annex 2)**

The total number of branches in Germany continued to decline significantly in 2016, with the trend accelerating over the course of the year. While 34,045 branches were reported at the end of 2015, this number dropped by 2,019 during 2016 to a new total of 32,026 branches. This equates to a decline of 5.9%. In 2015, the decrease amounted to 3.6% compared with 2.5% in 2014.
Looking at the overall development of branch numbers since 1996, a continual thinning of the branch network is discernible in the German banking sector, which still comprised 66,663 branches at that time (including 18,922 branches of Deutsche Postbank AG). Compared with 1996, the number of branches has thus gone down by more than half, declining by 52.0% (ten-year comparison: -20.6%; five-year comparison: -15.1% – the rapid decrease occurred mainly between 1996 and 2006, with the Postbank network alone accounting for around 12,000 branches).

**Sectoral distribution of branches**

Looking at the development of the branch network in 2016 from a **sectoral** perspective, the ongoing trend of a thinning branch network can be seen in all categories of banks. The **savings banks and Landesbanken** did away with 922 branches in 2016 (-7.8%; previous year: -498 = -4.0%) and were still running 10,939 branches at the end of the year. In the **cooperative sector**, 664 branches were closed in 2016 (previous year: 447), leaving 10,169 branches
at the end of 2016. This represented a decline of 6.1% (previous year: -4.0%). The commercial banks reduced their network in 2016 by 283 branches on balance (-2.9%; previous year: -251 = -2.5%) and had 9,444 branches at the end of 2016 – the decrease was mainly in the branch network of the big banks (-235 = -3.2%; as at 31 December 2016: 7,005). All big banks downsized their branch networks, some to a greater extent than others. The regional banks and other commercial banks had 2,275 branches remaining at the end of 2016, after a reduction of 65. Foreign banks and securities trading banks had, overall, a low number of just 164 branches (+17).

In the category of building and loan associations, the public institutions recorded a significant decrease of 91 to 533 and the private institutions a reduction of 45 to 867 branches; altogether, then, there was a decline of 136 branches to 1,400 at the end of 2016. The number of branches run by the other categories of banks stands at 74 (-14); these comprise 36 branches of mortgage banks (-13), 23 branches of special purpose banks (-1) and 15 branches of housing enterprises with savings facilities (unchanged).

**Number of branches (total as at 31 Dec 2016: 32,026)**

Deutsche Bundesbank
III  Bank offices

During the 2016 reporting period, the number of bank offices, ie all legally independent credit institutions (head offices) including their branches, once again decreased very significantly by a total of 2,091 offices, falling from 36,005 to 33,914; this represents a drop of 5.8%. This is evidence of the continuing trend of bank office closure and consolidation (reduction in bank offices in 2015: -1,287, or -3.5%; 2014: -933 or -2.4%; five-year comparison: -5,885, or -14.8%; ten-year comparison including Deutsche Postbank AG: -8,719, or -20.5%). The bank office network has thus been depleted by just over one-fifth over the past ten years. Compared with the end of 1996, the number of bank offices has dropped by more than one-half, declining by 36,424 (-51.8%).

In terms of the sectoral distribution, not only slight decreases are evident in almost all categories of banks.

Year-on-year change in the number of bank offices in Germany:

<table>
<thead>
<tr>
<th>Category of bank</th>
<th>31 Dec 2015</th>
<th>31 Dec 2016</th>
<th>Absolute change</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings bank sector</td>
<td>12,283</td>
<td>11,351</td>
<td>-932</td>
<td>-7.6</td>
</tr>
<tr>
<td>Cooperative sector</td>
<td>11,860</td>
<td>11,145</td>
<td>-715</td>
<td>-6.0</td>
</tr>
<tr>
<td>Commercial banks</td>
<td>10,117</td>
<td>9,825</td>
<td>-292</td>
<td>-2.9</td>
</tr>
<tr>
<td>Building and loan assoc.</td>
<td>1,557</td>
<td>1,420</td>
<td>-137</td>
<td>-8.8</td>
</tr>
<tr>
<td>Other banks</td>
<td>188</td>
<td>173</td>
<td>-15</td>
<td>-8.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>36,005</td>
<td>33,914</td>
<td>-2,091</td>
<td>-5.8</td>
</tr>
</tbody>
</table>

Savings banks remain the largest sector in the Federal Republic of Germany, with a total of 11,351 bank offices, including 412 head offices. The credit cooperatives follow by a small margin, with 11,145 bank offices, including 976 head offices. As at 31 December 2016, the commercial banks sector operated 9,825 bank offices, of which 381 were head offices. The building and loan associations come fourth, with 1,420 bank offices, including 20 head offices. The other categories of banks reported 173 bank offices as at 31 December 2016, of which 99 were head offices.

The chart below provides an overview of the percentage distribution of bank offices.

Bank offices in Germany as at 31 December 2016

%
Bank office density

The bank office density denotes the average number of inhabitants served by a bank office; an increasing value reflects a decrease in the bank office density. With 33,914 bank offices and a population of around 82.8 million \(^3\) in Germany, the resulting bank office density for the 2016 reporting year was approximately 2,441. This means that there is an average of one bank office per 2,441 residents in Germany. The bank office density has thus contracted more sharply than in the preceding years; the long-term trend also reveals a significant change (bank office density in 2015: 2,271; 2014: 2,174; five-year comparison: 2,057; ten-year comparison including Deutsche Postbank AG: 1,935; twenty-year comparison including Deutsche Postbank AG: 1,166). \(^4\)

IV Branches abroad (see Annex 3)

In 2016, the number of foreign branches held by German credit institutions decreased slightly, while the number of foreign subsidiaries again, as in the preceding years, declined significantly (see section V).

In total, the number of foreign branches of German credit institutions shrank over the course of 2016 from 240 branches to 234 foreign branches, a further drop of six offices (-2.5%). The commercial banks sector remains the most heavily represented abroad, with a total of 176

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\(^4\) Note: The crucial finding of the 2011 microcensus was that the population in Germany as at 31 December 2011 was smaller than previously extrapolated (just 80.2 million instead of 82.0 million); this analysis therefore made use of the current figures (latest estimate as at 31 December 2016).
branches (previous year: 178). Of this figure, 94 are branches of big banks (previous year: 99) and 82 (+3) are branches of regional and other commercial banks. The number of Landesbanken branches, at 22, contracted slightly (-1). The savings banks (excluding Landesbanken) no longer report any foreign branches; in the cooperative sector, there are, as before, 16 including the five branches of the regional institution of credit cooperatives. The foreign branches of the mortgage banks fell by one to nine. The number of foreign branches operated by the other institutions dropped slightly by one to 11.

Geographically speaking, the credit institutions’ foreign branches are still concentrated mainly in Europe. Of the 234 branches in total, over two-thirds are domiciled in Europe, with as many as 154 of the 163 European branches headquartered within the European Union. The key foreign location for German institutions is still the United Kingdom, which hosts 27 (previous year: 28) branches. Other major hosts of German institutions’ branches are France with 18, Italy (17), Luxembourg, the Netherlands and Austria (14 each) and Spain (13).

Asia, too, continues to play an important role in the foreign activities of German credit institutions. The number of branches there dropped by two to 55 in 2016. The bulk of these bank offices belong to the big banks (48 branches, or 87.3%). With a total of 12 (previous year: 14) foreign branches (of which 10 are in the USA and Canada), the Americas play only a minor role – German banks traditionally have a far stronger presence in the form of foreign subsidiaries there. The German banking industry is also represented in Australia and New Zealand, with three foreign branches (previous year: five). Only one branch is maintained in Africa.

V Subsidiaries of German credit institutions abroad (see Annex 4)

As at 31 December 2016, German credit institutions reported just 145 subsidiaries – institutions in which they hold at least a 50% participating interest – domiciled abroad. Compared with the 173 subsidiaries reported in the previous year, this represents another significant decrease of 28 institutions, or 16.2% (2015: -16, or -8.5%; 2014: -15, or -7.4%; 2013: -50, or -19.7%). However, when looking at the year-on-year figures, it should also be noted that, at the end of 2013, 24 foreign subsidiaries of German financial holding companies fell outside the scope of the analysis, as the participating interests were not held by German credit institutions themselves.

The bulk of the decline in foreign subsidiaries affected the commercial banks, which accounted for 25 institutions, or nearly nine-tenths of the overall decrease. The number of majority participations held by the big banks fell considerably by 24 institutions (-9.4%) to 102, while only a slight decrease of one, to 16 subsidiaries, was recorded for the regional banks.

In the savings bank sector, the Landesbanken reduced their number of foreign subsidiaries by one to 12. The number of foreign subsidiaries owned by the regional institutions of credit
cooperatives dropped slightly to 11 (-1). Mortgage banks maintained only two foreign subsidiaries (-1) and savings banks continued to maintain only one foreign subsidiary. The German credit cooperatives have not had any foreign subsidiaries since 2015.

Geographically speaking – as for the foreign branches – foreign activity is focused on other European countries, with 72 (previous year: 90) subsidiaries. Of these subsidiaries, 56 are located in EU member states (previous year: 73), with 16 in Luxembourg alone (previous year: 21) and 10 in the United Kingdom (unchanged from the previous year). German credit institutions now maintain just 44 foreign subsidiaries in the Americas, nine fewer than just one year previously (-17.0%). Of these, 30 (previous year: 37) are in the USA. With 41 participating interests (previous year: 49), most foreign subsidiaries in the Americas are owned by big banks (29 of which are in the USA (previous year: 36) and five in the Caribbean). 17 (previous year: 18) subsidiaries of German banks are domiciled in Asia, ten (unchanged) in Australia or New Zealand and, as before, two in African countries.

Annexes:

Bank office statistics 2016

Brief overview of changes in bank office statistics in 2016

with the above name as a hyperlink to the English version of the following websites:


https://www.bundesbank.de/Redaktion/EN/Pressemitteilungen/BBK/2017/2017_05_16_bankstellenbericht_anlage.pdf?__blob=publicationFile