

Bank office report 2021

Development of the bank office network in 2021

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I Number of credit institutions (see Annex 1)

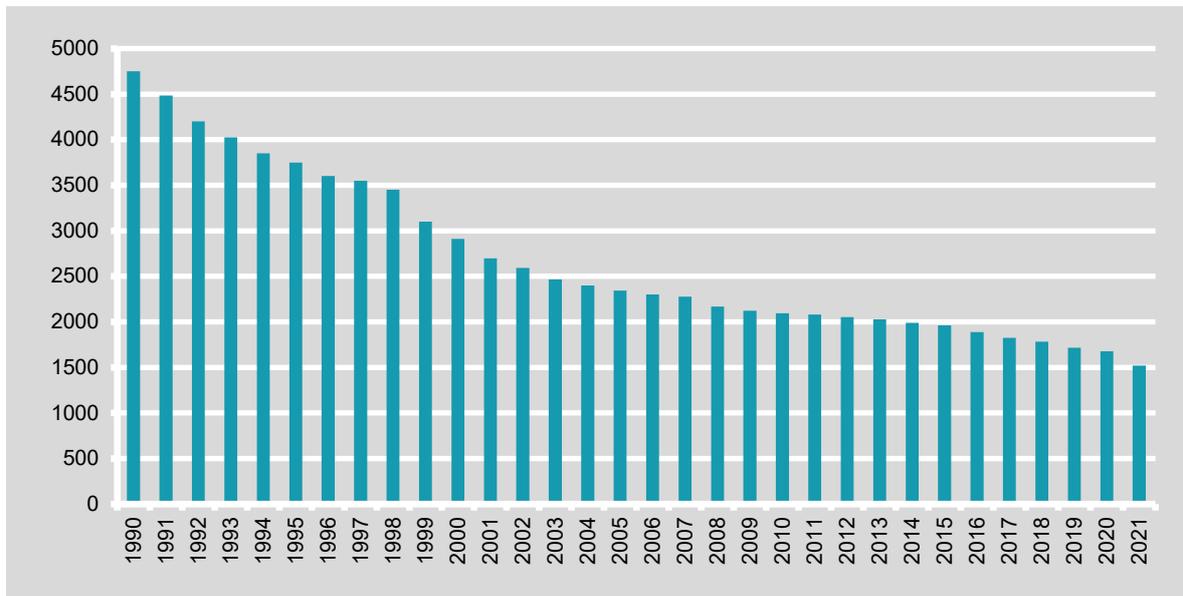
The decrease in institutions in the German banking sector continued at a considerable pace in 2021.

The **total number of credit institutions**¹ in Germany (including legally dependent building and loan associations) fell by 160, or 1.5%, throughout the year, from 1,679 to 1,519 institutions (total numbers for comparison: 2019: 1,717 institutions; 2016: 1,888 institutions; 2011: 2,080 institutions). While the consolidation process has been moderate, especially since 2008, it has been gradually picking up the pace again since 2016.

Two one-off factors were also responsible for the particularly significant reduction in the number of credit institutions in 2021. When the Investment Institutions Act (*Wertpapierinstitutsgesetz*) – hereinafter referred to as the WpIG – came into force on 26 June 2021, for example, 71 former securities trading banks and branches of foreign securities trading enterprises were henceforth classified as securities institutions and thus no longer as credit institutions within the meaning of the German Banking Act. Even without this effect, however, the decline in the number of credit institutions is still 5.3% compared with a decline of 2.2% in the previous year. Another one-off factor was a key reason behind this sharper year-on-year decline, namely when Brexit became effective on 1 January 2021, which led to the closure of many German branches of UK banks (43 departures in 2021 alone – primarily branches of UK securities trading banks). However, even without these one-off factors, this momentum has gained pace as the number of mergers – mainly in the cooperative sector – has risen from 34 to 54.

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, including public promotional banks, and all other financial institutions resident in the euro area 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.

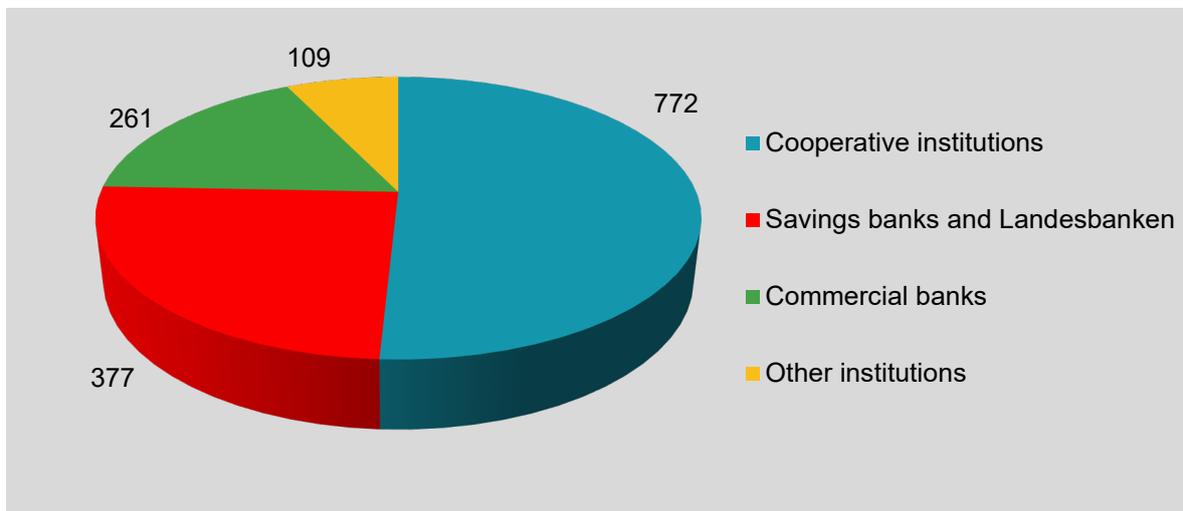
Developments in the total number of credit institutions



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Sectoral distribution and distribution by individual category of banks

Number of credit institutions (total as at 31 December 2021: 1,519 institutions)



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In terms of the individual categories of banks, the largest decrease – totalling 105 institutions – was in the commercial bank sector.

The number of commercial banks decreased from 366 to just 261 institutions on balance (2020: eight departures; 2019: 24 departures; 2018: eight additions). This group comprises three big

banks (unchanged), 151 regional and securities trading banks and other commercial banks (2020: 182) as well as 107 (2020:181) branches of foreign banks and securities trading banks.

In particular, this was due to the **one-off effects** of the final implementation of Brexit on 1 January 2021, with the closure of a total of 43 branches of UK institutions (of which, for the most part, 39 were branches of UK securities trading companies) as well as the departure of 31 former securities trading banks and 38 branches of foreign securities trading enterprises upon the entry into force of the WpIG on 26 June 2021, which, since then, have no longer been regarded as credit institutions within the meaning of the German Banking Act.

In addition, regional banks and other commercial banks saw two mergers, one insolvency and one licence relinquished, which were offset by two new start-ups and one reclassification of an erstwhile guarantee bank.

The number of cooperative institutions declined by 47 banks, or 5.7%, during the course of the year, from 819 to 772 institutions. This contraction was thus much greater than in previous years (2020: 26 institutions, or 3.1%; 2019: 34 institutions, or 3.9%; 2018: 40 institutions, or 4.4%). The decline was experienced largely by primary credit cooperatives, the number of which fell by 45, from 804 to 759 institutions, due to mergers. Furthermore, two “other credit institutions affiliated with the Federal Association of People’s Banks and Raiffeisen Banks” (*Bundesverband der Deutschen Volksbanken und Raiffeisenbanken, or BVR*) also lost their status as credit institutions when the WpIG entered into force.

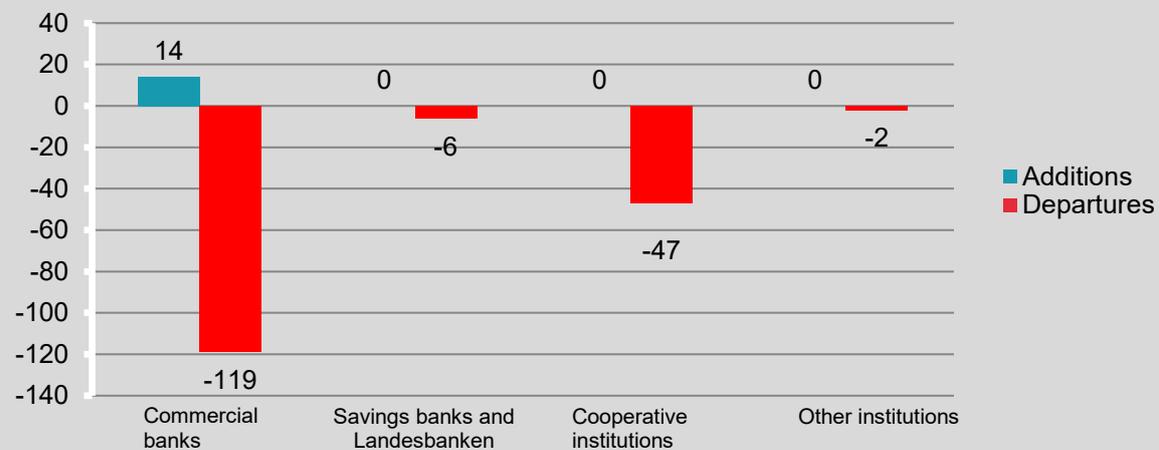
In the savings bank category (Landesbanken and savings banks), there were six departures due to mergers in 2021 (2020: three departures; 2019: six departures; 2018: also six departures). As a result, there were 371 savings banks and six Landesbanken (unchanged) at the end of 2021 – 377 institutions in total.

In net terms, the total number of other banks fell by two to 109 institutions. At the end of 2021, these included ten private building and loan associations and eight public building and loan associations,² 19 specialised credit institutions, 47 housing enterprises with savings facilities and one central securities depository (all unchanged). Moreover, nine mortgage banks (-1 – due to a merger) and 15 guarantee banks (-1 – due to a reclassification) are classifiable to this category.

Altogether, there were 14 additions versus 174 departures; these figures include five reclassifications to other categories. There were no relocations to another Federal state in 2021.

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.

Additions and departures of credit institutions in 2021



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Regional distribution

Bavaria, the largest Federal state by area, is still home to the most credit institutions (329 banks in total) despite seeing 32 (previous year: ten) departures (compared with two additions). This decline was due to mergers in the cooperative category (14) and departures in the commercial bank category (18 – eight of which were due to Brexit and four due to the WpIG, one resulting from a merger and one resulting from a licence being relinquished). There were two new branches of foreign banks, one of which lost its credit institution status again as a result of the WpIG.

North Rhine-Westphalia, the most populous Federal state, ranked second in terms of the number of banks, with 248 (previous year: 259) institutions, just ahead of Baden-Württemberg and well ahead of Hesse, which, after Bavaria, had been home to the majority of institutions in 2021, yet saw a large number of departures owing to the aforementioned one-off factors. In North Rhine-Westphalia, there was a net decrease of 11 institutions (as in the previous year; two additions in 2021 and 13 departures). The decline was due to mergers in the cooperative category (four), in the savings bank category (one) and four departures each in the regional banks category (all former securities trading banks on account of the WpIG) and among the branches of foreign banks (one due to Brexit, three due to the WpIG). Two branches of foreign credit institutions opened in Cologne in 2021.

Baden-Württemberg recorded 1 addition (as in previous year) and 17 (previous year: nine) departures. Thirteen (previous year: eight) departures are due to mergers of credit cooperatives and one is due to a merger of savings banks. Regional banks and branches of

foreign banks each recorded a decline as a result of the WpIG. One regional bank transferred its business activities to a new branch of the acquiring bank located in another Federal state. At the end of 2021, there were a total of 241 banks in Baden-Württemberg (previous year: 257).

Hesse recorded the most departures by far, decreasing by 77 institutions (previous year: 16), with only four additions. The one-off factors had an impact on this – the entry into force of the WpIG meant that 19 securities trading banks, 26 branches of foreign securities trading companies and two other institutions in the cooperative category, i.e. a total of 47, lost their credit institution status. In addition, 25 branches of UK banks lost their EU passport as a result of Brexit taking effect. Three other branches of non-UK banks ceased operations. Only three new branches of foreign banks from Belgium, France and Iran as well as one securities trading bank, which was already recorded as a departure again on 26 June 2021, opened in Frankfurt am Main. Two credit cooperatives merged into other institutions. The total number of institutions in Hesse thus stood at a multi-year low of 224 at the end of the year (previous year: 297).

In **Lower Saxony**, seven departures (previous year: three) were recorded, particularly owing to five mergers of credit cooperatives and one mortgage bank merger, which meant that 144 institutions were still located in this Federal state as at 31 December 2021.

The **other Federal states** each have fewer than 100 resident banks. Rhineland-Palatinate had 72 institutions (-4), Schleswig-Holstein 42 (-3), Hamburg 36 (-3), Saxony unchanged at 36, Thuringia 32 (-1), Saxony-Anhalt 28 (-2), Berlin 21 (-8 – five because of Brexit where UK branch were reclassified as a “post-Brexit branch pursuant to Section 53 of the Banking Act” and three because of the WpIG), Brandenburg unchanged at 26 (with one guarantee bank reclassified as a regional bank), Mecklenburg-West Pomerania 16 (-1), Saarland unchanged at 16 and Bremen unchanged at eight (-1 due to a regional bank’s insolvency).

Of the 174 departures recorded in the statistics (previous year: 63), 54 (previous year: 34) were due to mergers (of which one was cross-border), 43 due to departures of branches of UK institutions which had not yet returned their EU passport owing to Brexit entering into force on 1 January 2021 and 71 due to the departures of investment institutions previously classified as credit institutions on account of the Securities and Markets Act taking effect as of 26 June 2021.

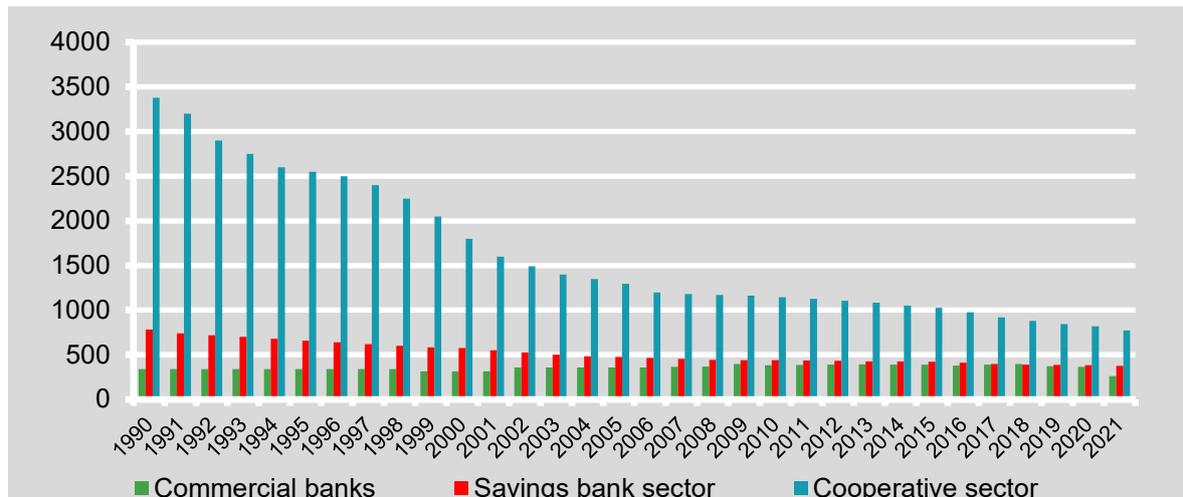
There were also four (previous year: ten) relinquished licences, one insolvency and one reclassification. No technical departures on account of head office relocations to other Federal states were registered in 2021.

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 772 banks and a share of 50.8% (previous year:

819 banks, or 48.8%), the cooperative sector remains the largest category of banks by number of institutions. The savings bank sector follows by a relatively wide margin, with 377 institutions and a share of 24.8% (previous year: 22.8%) compared with 383 institutions at the end of 2020. Owing to special factors that are particularly relevant here, the 261 commercial banks account for a share of only 17.2% (compared with 366 institutions at the end of 2020, or 21.8%). The 109 (previous year: 111) other banks (= 7.2%) are not considered in this comparison.

Number of credit institutions in the three most important banking sectors



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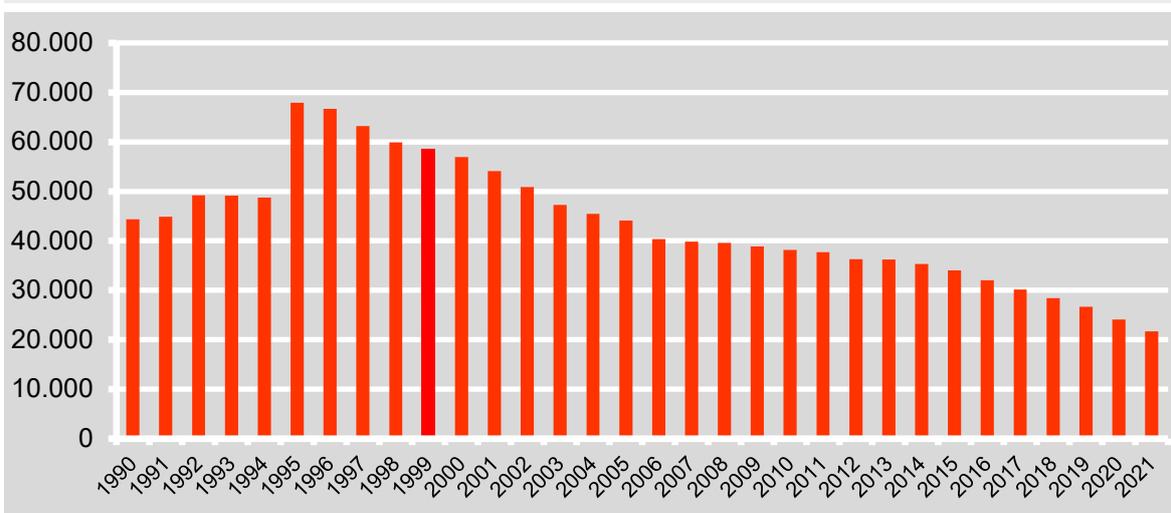
In 1991, there were still 3,151 cooperative banks and 746 institutions in the savings bank sector, but only 340 commercial banks. Twenty years ago, 1,623 credit cooperatives including central institutions, 547 savings banks including Landesbanken and 304 commercial banks were recorded in Germany. Consolidation progressed at a steady pace up to 2006. Ten years ago, 1,126 credit cooperatives, 436 savings banks and 388 commercial banks in Germany remained as a result of this development. The decline initially decelerated significantly as from 2006 before then reaccelerating from 2013 to 2017. The consolidation trend weakened again slightly in 2018 and 2019 as a result of numerous additions in the context of international banks preparing for Brexit; however, this was largely offset in 2019 by the high number of closures among branches of British institutions. In 2020, the number of mergers in the cooperative and savings bank sectors declined significantly – possibly as a result of the coronavirus pandemic, which was hampering technical implementation – whereas in 2021 an increase in mergers and special factors such as the impact of Brexit and the Investment Institutions Act (*Wertpapierinstitutsgesetz*) led to a significant decline in the number of banks. As a result, the number of commercial banks has now fallen even more sharply over a ten-year benchmark period than the general trend in the sector; it has declined by 127 institutions since 2011 to 261 – in 2021 alone there were 105 departures.

II Branches of credit institutions (see Annex 2)

The total number of branches in Germany, in turn, underwent a significant contraction of almost 10% in 2021. While 24,100 branches were registered at the end of 2020, this number dropped by 2,388 over the course of 2021 (previous year: 2,567) to 21,712 branches. This development reflects the impact of digitalisation on distribution channels due to greater use of online services as well as cost-cutting measures undertaken in a challenging competitive environment. As in 2020, the coronavirus pandemic also markedly accelerated the pace of this development.

All in all, this represents a substantial reduction of 9.9%. In 2019 and 2020, the number of branches decreased by 4.4% and 9.6%, respectively. Branches are defined pursuant to Section 24(1a) number 4 of the Banking Act and Section 9 of the Regulation Concerning Reports and the Submission of Records under the Banking Act (*Anzeigenverordnung*). Branches without staff or in which only ATMs or statement printers are provided are not included in this figure. According to data in the Bundesbank's payment statistics, around 56,868 ATMs and 26,212 self-service terminals with a credit transfer function were operated by banks and payment settlement providers in Germany as at the end of 2020.

**Developments in the total number of branches
 (including Deutsche Postbank AG from 1995)**



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Looking at the overall change in branch numbers over the last 20 years, a continuous reduction in the branch network is discernible in the German banking sector, which still comprised 54,089 branches at that time (including 12,792 branches of Deutsche Postbank AG). Compared with 2001, the number of branches has thus dropped considerably, declining by 59.9% (ten-year comparison: -42.4%; five-year comparison: -32.2%) meaning a mere two-fifths remain, with a sharp decrease lasting up to around 2006 and then once again intensifying from 2015 onwards. All in all, the years since 2001 have seen the branch network of German big banks alone (including branches of the now defunct Postbank) shed over 11,100 branches, leaving them

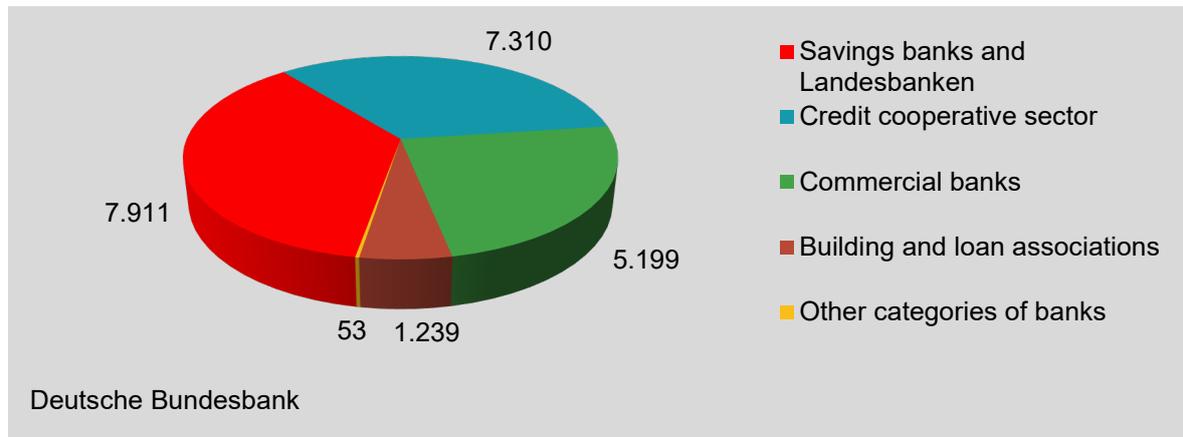
at just over one quarter of their 2001 level, while the savings bank sector lost more than 9,300 branches, leaving them at a little over 45%, and the credit cooperative sector lost over 7,300 branches, leaving them at around half.

Sectoral distribution of branches

The ongoing trend of downsizing the branch network is affecting every category of banks. Savings banks and Landesbanken closed 617 branches in 2021 (-7.2%; previous year: -679, or -7.8%), leaving 7,911 branches at the end of 2021. However, with a share of 36.4%, this sector still has the largest number of domestic branches. In the cooperative sector, 468 branches were closed in 2021 (= -6.0%; previous year: -706 = -8.3%). At the end of the year, a total of 7,310 branches thus remained, corresponding to 33.7% of all domestic branches. In 2021, commercial banks reduced the number of their branches even more significantly than in the previous year (by 1,279, or -19.7%; previous year: -1,155, or -15.1%), i.e. by almost one-fifth, to 5,199. This represents an overall share of 23.9%, compared with 26.8% at the end of 2020 and 28.6% at the end of 2019. This downsizing is almost entirely attributable to German big banks reducing their network of domestic branches by 1,109 (previous year: 1,073). The decline was largely due to the fact that Deutsche Bank AG has discontinued its alliances with partner branches of the former Deutsche Postbank AG and Deutsche Post AG, which conduct banking business for Deutsche Bank AG. With 4,037 branches (previous year: 5,146), big banks still have the largest share of all commercial bank branches. The branch network of regional banks and other commercial banks also lost more branches than in previous years – it lost 148, leaving 1,013 (or -12.7%; previous year: -79, or -6.4%). Foreign banks and securities trading banks operated 149 branches (-22).

Building and loan associations reduced their branch network to a comparatively moderate extent overall, with a drop of 12 to 780 branches in the private sector and of 8 to 459 branches in the public sector. The number of branches operated by the other categories of banks stands at 53 (-4); these comprise 32 branches of mortgage banks (-5), 6 branches of special purpose banks (+1) and 15 branches of housing enterprises with savings facilities (unchanged).

Number of branches (total as at 31 December 2021: 21,712)



Regional distribution of branches

Information about the **regional** distribution of branches can no longer be provided owing to a change in the law since the 31 December 2004 reporting date. This legislative amendment eased the reporting burden on credit institutions. Since then, each institution has merely been obligated to report the total number of its domestic branches, but not where they are located.

III Bank offices

During the 2021 reporting period, the number of bank offices, i.e. all legally independent credit institutions (head offices) including their branches, decreased by a far greater margin than in previous years, shrinking by a total of 2,548 (previous year: 2,605) offices from 25,779 to 23,231. This represents a drop of 9.9% (previous year: 9.2%). This means that the bank office network has been thinned out by around 41.6% over the last ten years. Compared with the end of 2001, the number of bank offices has dropped by 33,396, or nearly two-fifths (-58.9%).

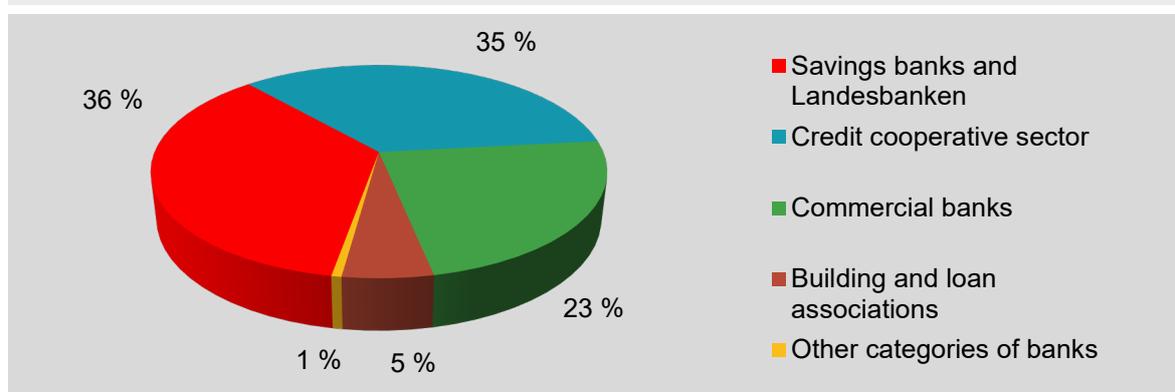
Year-on-year change in the number of bank offices in Germany:

Category of banks	31 Dec. 2020	31 Dec. 2021	Absolute change	%
Savings bank sector	8,911	8,288	-623	-7.0
Cooperative sector	8,597	8,082	-515	-6.0
Commercial banks	6,844	5,460	-1,384	-20.2
(of which: big banks)	(5,149)	(4,040)	(-1,109)	(-21.6)
Building and loan associations	1,277	1,257	-20	-1.6
Other banks	150	144	-6	-4.0
Total	25,779	23,231	-2,548	-9.9

Measured in terms of the number of bank offices, savings banks just about remain the largest sector in the Federal Republic of Germany, with a total of 8,288 bank offices, including 377 head offices. The credit cooperatives follow by a small margin, with 8,082 bank offices, including 772 head offices. As at 31 December 2021, the commercial bank sector operated 5,460 bank offices, including 261 head offices, representing a reduction of over one-fifth compared with the end of 2020 (6,844; -20.2%). Building and loan associations come fourth, with 1,257 bank offices, including 18 head offices. The other categories of banks reported 144 bank offices as at 31 December 2021, of which 91 were head offices.

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

Bank offices in Germany as at 31 December 2021



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Bank office density

The bank office density denotes the average number of inhabitants served by a bank office; an increasing value reflects a greater number of inhabitants using a bank office. With 23,231 bank offices and a population of around 83.2 million³ in Germany, the resulting **bank office density** for the 2021 reporting year was approximately 3,581 (previous year: 3,227). Five years ago, the bank office density was 2,441 (10-year comparison: 2,057; 20-year comparison: 1,880; 1990: 1,433 – in each case including Deutsche Postbank AG)³.

IV Branches abroad (see Annex 3)

The multi-year downward trend in German credit institutions' foreign presence resumed in the year under review, following a pause in 2020. While foreign subsidiaries of German banks

³ Statistisches Bundesamt: *Bevölkerungsstand - Fortschreibung auf Grundlage des Zensus 2011 - Deutschland* (accessed on 8 July 2022), as at 31 December 2021.

Links: https://www.destatis.de/EN/Themes/Society-Environment/Population/Current-Population/_node.html and https://www.destatis.de/EN/Press/2022/06/PE22_251_12411.html

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 current figures (latest preliminary estimate as at 31 December 2021).

recorded only a slight decline to 79 (-4 – see Section V), the number of foreign branches of German credit institutions fell very sharply by 18 to 255 in 2021 (= -6.6 %; +22 in the previous year = +8.8 %).

This reduction is linked to the entry into force of the WpIG in 2021 and the loss of former trading banks' status as credit institutions. This accounted for a loss of 21 foreign branches of these former banks alone compared with the previous year. Openings of branches, primarily in other European countries, by international commercial banks did not entirely offset this decline. The commercial bank sector, which is affected by the WpIG, comprises by far the greatest number of foreign branches (216; previous year: 230). With the number of big bank branches remaining unchanged at 92, this decline was due to the reduction in the number of regional bank and other commercial bank branches alone, which went up from 138 to 124. The number of Landesbanken branches remained the same, at 21. Savings banks (excluding Landesbanken) have not reported any foreign branches since 2016. In the cooperative sector, there are only eight, with the figure including the four branches of the DZ BANK regional institution of credit cooperatives (previous year: ten). The number of foreign branches maintained by mortgage banks was only six (previous year: eight); the number of foreign branches operated by other institutions was unchanged, at four.

Geographically speaking, credit institutions' foreign branches are still concentrated mainly in Europe. Of the 255 branches in total, almost three-quarters (74.1%) are domiciled in Europe, with 160 (previous year: 170 – excluding branches of UK banks) of the 189 (previous year: 204) European branches situated within the European Union alone and, of these, 131 (previous year: 139) located in euro area countries. At the end of 2021, in the year Brexit entered into force, France remained the main foreign location for German institutions, with 27 branches (previous year: 29), followed by Italy with 24 (+1) and the United Kingdom, which still had 22 branches (previous year: 25). The United Kingdom was still counted as part of the European Union in 2020 as Brexit did not enter into legal force until 1 January 2021. Additionally, there are 19 branches of German banks in Spain (-2), 16 in the Netherlands (-2), 14 in Luxembourg (-2), 11 in Austria (-1) and ten in Sweden (-2).

Asia, too, continues to play an important role in the foreign activities of German credit institutions. Here, the number of branches dropped slightly, to 49 (-3). The bulk of these bank offices belong to big banks (unchanged at 41 branches = 84%; previous year: 79 %). The number of foreign branches in the Americas remained at 13 (of which 11 are in the United States and Canada). The German banking industry is represented in Australia and New Zealand by three foreign branches (unchanged). There is only one branch in Africa.

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

As at 31 December 2021, German credit institutions reported 79 subsidiaries – institutions in which they hold a participating interest of more than 50% – domiciled abroad. Compared with

2020, this represents a decrease of four institutions, or 4.8% (previous year: -9 institutions, or 9.8%). There were still 428 subsidiaries prior to the financial crisis at the end of 2007.

Within the group of commercial banks, the number of majority stakes held by the big banks and regional banks fell by one institution to 62 and eight respectively. In the savings bank sector, only Landesbanken still operate three subsidiaries (unchanged). Savings banks have not had any foreign subsidiaries since 2020.

The number of foreign subsidiaries owned by the DZ BANK regional institution of credit cooperatives halved to four. In terms of subsidiaries, German primary credit cooperatives have had zero foreign presence since 2015. Mortgage banks also no longer have any foreign subsidiaries. By contrast, special purpose banks and the building and loan associations recorded one addition respectively.

Geographically speaking – as is also the case with the foreign branches – foreign activity continues to focus on other European countries, with 37 subsidiaries (previous year: 38). Of these, 23 subsidiaries (previous year: 29, including five subsidiaries in the United Kingdom) are situated in EU Member States, of which 17 (previous year: 18) are in euro area countries; Luxembourg alone is home to eight (unchanged), while the United Kingdom still had five subsidiaries in the year Brexit entered into force.

German credit institutions operate 22 (previous year: 24) foreign subsidiaries in the Americas. Of these, 13 (previous year: 15) are in the United States. With 20 participating interests (previous year: 22), the vast majority of foreign subsidiaries in the Americas are owned by big banks (13 of which are in the United States (previous year: 15), and four in South America and three in the Caribbean – both figures unchanged).

11 (previous year: 12) subsidiaries of German banks are domiciled in Asia and nine (unchanged) in Australia or New Zealand. German banks have not operated any subsidiaries in African countries since 2018.

Annexes:

[Bank office statistics in 2021](#)

[Brief overview of changes in bank office statistics in 2021](#)