



**Bank office report 2017**  
Development of the bank office network in  
2017

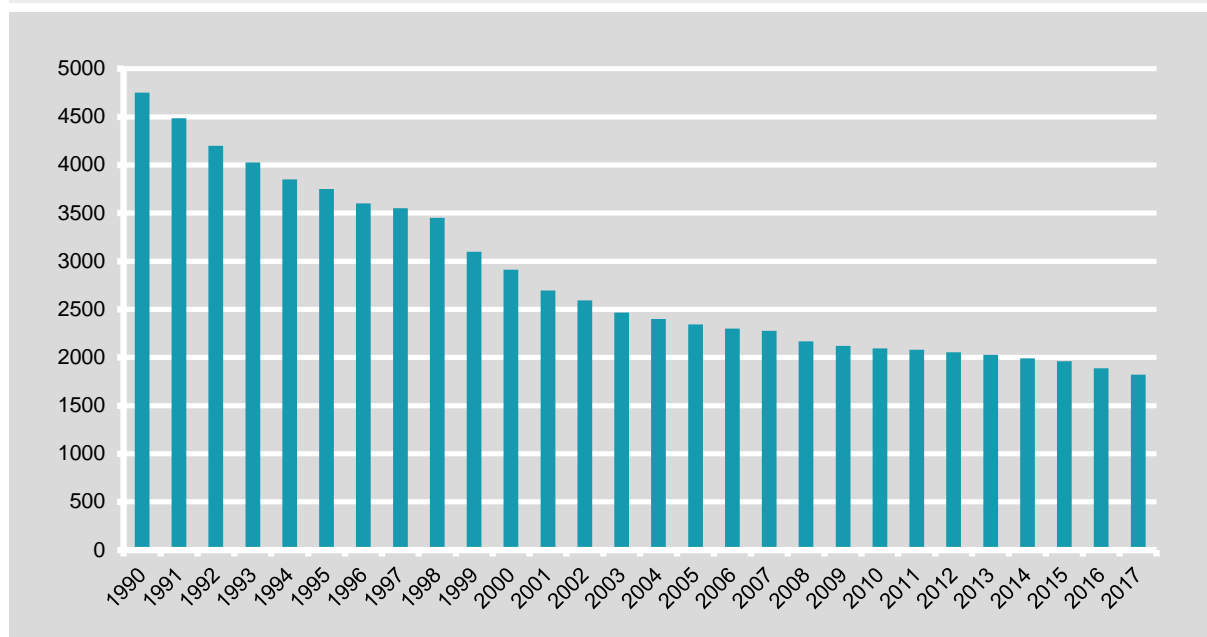
## Development of the bank office network in 2017

### I Number of credit institutions (see Annex 1)

The consolidation process in the German banking sector continued in 2017.

The **total number of credit institutions**<sup>1</sup> in Germany (including legally dependent building and loan associations) fell since 2016 by 65, or 3.4%, from 1,888 to 1,823 institutions (by comparison: 2015: 1,960 institutions; 2012: 2,053 institutions; 2007: 2,227 institutions; 2002: 2,593 institutions; 1997: 3,578 institutions; 1992: 4,200 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 been undergoing a trend resurgence since 2013.

#### Developments in the total number of credit institutions

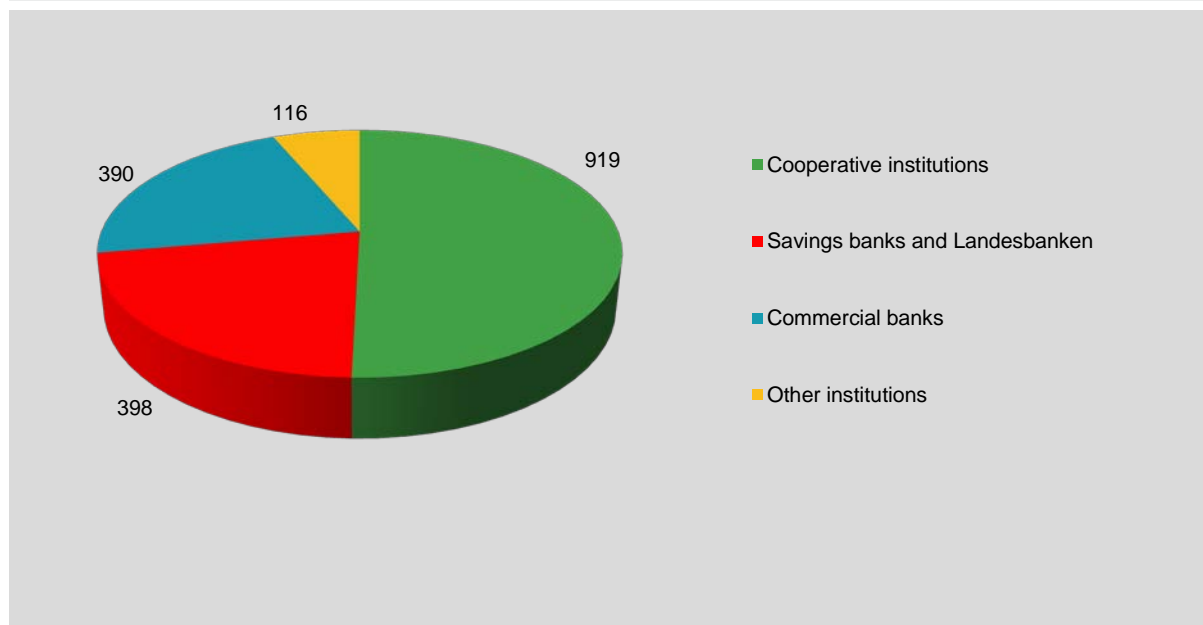


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<sup>1</sup> The bank office statistics and bank office report comprise credit institutions which conduct at least one of the types of banking business listed in section 1 (1) sentence 2 of the German Banking Act (Kreditwesengesetz). By contrast, monetary 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.

## Sectoral distribution and distribution by individual category of banks

### Number of credit institutions (total as at 31 December 2017: 1,823 institutions)



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In terms of the individual categories of banks, the largest decrease – 57 institutions – was, as in previous years, in the cooperative sector. The number of cooperative institutions declined by 5.8% during the course of the year from 976 to 919 institutions. This contraction was once again stronger than in the preceding year (51 institutions, or 5.0%). The decline was experienced exclusively by primary credit cooperatives, the number of which fell from 961 to 904 institutions due to mergers.

In the savings bank sector (Landesbanken and savings banks), there were 14 departures attributable to mergers in 2017 (2016: ten departures; 2015: three departures). The contraction was due to 13 savings bank mergers and one Landesbank merger. As a result, 390 savings banks and eight Landesbanken – 398 institutions in total – remained at the end of 2017.

The number of commercial banks rose in net terms by nine to 390 institutions (2016: nine departures; 2015: one departure). This group comprises the four big banks, 186 regional and securities trading banks as well as other commercial banks and 200 branches of foreign banks and securities trading banks. In the commercial banking sector, the largest numerical change was again recorded among branches of foreign banks, which saw 16 additions (previous year: twelve), of which four (previous year: eight) were UK securities trading firms. By contrast, only four (previous year: 15) departures were reported, meaning that the total number of these branches rose considerably in net terms by twelve to 200. To a certain extent, this growth must be seen in anticipation of the United Kingdom's impending exit from the EU.

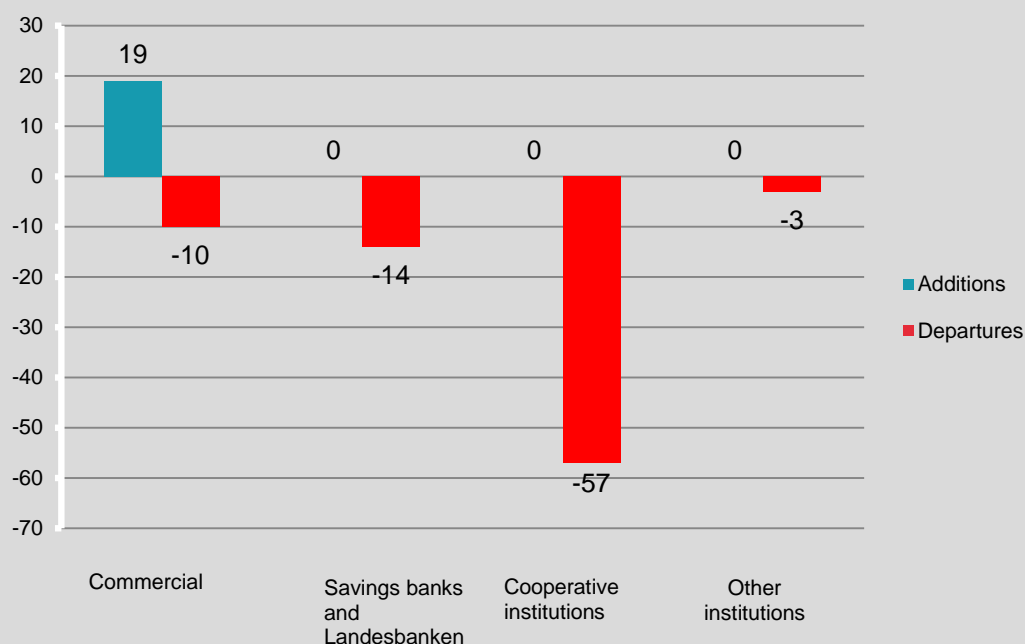
With 186 institutions, the number of regional and securities trading banks as well as other commercial banks fell slightly over the course of 2017 – there were three additions compared with six departures.

The number of big banks remained unchanged at four.

In net terms, the total number of other banks fell by three to 116 institutions, largely due to mergers. As at the end of 2017, these included twelve private building and loan associations and eight public building and loan associations,<sup>2</sup> unchanged from the previous year. Due to one closure and one reclassification as a regional bank, mortgage banks saw a decline of two to now 13 institutions. As a result of another reclassification as a regional bank, there are now 19 special purpose banks as well as 16 guarantee banks – unchanged from the previous year – and one central securities depository. At 47, the number of housing enterprises with savings facilities also remained unchanged.

Altogether, there were 19 additions versus 84 departures.

### New additions and departures of credit institutions in 2017



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### Regional distribution

<sup>2</sup> 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.

**Bavaria**, the largest Federal state by area, is still home to the most credit institutions (385 banks in total) despite seeing a decline of 23 (previous year: 20) institutions (compared with four additions, of which three were foreign branches). The cause of this was mergers in the cooperative (16) and savings banks (three) categories as well as transfers of business operations of two regional banks and one branch of a foreign bank. Furthermore, one branch of a foreign securities trading firm ceased its business activities.

**Hesse** recorded the most new additions, with an increase of eleven institutions (previous year: eight). Of these, ten (previous year: five) were newly opened branches of foreign banks or securities trading banks (including a total of six (previous year: eight) UK institutions). Of the eight (previous year: 19) departures, three (previous year: nine) were in the category of branches of foreign banks or securities trading banks (including one UK institution, compared with four in the previous year) as well as two (previous year: five) in the credit cooperatives category and one in the savings banks category owing to mergers. In addition, two regional banks were reported as departing the market. The total number of institutions in this Federal state stood at 321 (previous year: 318) at the end of the year.

**North Rhine-Westphalia**, the most populous Federal state, remains in third place in terms of the number of banks, with 293 institutions (previous year: 312). This corresponds to a net decrease of 19 (previous year: 16) institutions (three additions and 22 departures). This decline was due to mergers in the cooperative banks category (15), savings banks category (4) and regional banks category (1) as well as one securities trading bank relocating its headquarters to Hesse. Furthermore, one special purpose bank in North Rhine-Westphalia was reclassified as a regional bank, which, for systemic reasons, is treated as an addition and departure. Two additions were also recorded among branches of foreign banks and securities trading banks.

**Baden-Württemberg** recorded 15 departures, of which 13 were due to mergers of credit cooperatives and one to the merger of two savings banks. Moreover, insolvency proceedings were opened regarding the assets of a securities trading bank. In return, an addition of a new branch of an Austrian securities bank was recorded. At the end of 2017, there were still 279 banks in Baden-Württemberg.

In **Lower Saxony**, six departures were recorded owing to four mergers of credit cooperatives and two mergers of savings banks, which meant that 164 institutions were still located in the Federal state as at 31 December 2017.

The **other Federal states** each have fewer than 100 resident banks. At the end of 2017, Rhineland-Palatinate had 80 institutions (net loss of five), Schleswig-Holstein had 53 (loss of two), Hamburg had 41 (unchanged), Saxony had 36 (loss of two), Thuringia had 35 (unchanged), Saxony-Anhalt had 31 (unchanged), Berlin had 29 (gain of one due to the addition of a branch of a Dutch bank), Brandenburg had 26 (unchanged), Mecklenburg-West Pomer-

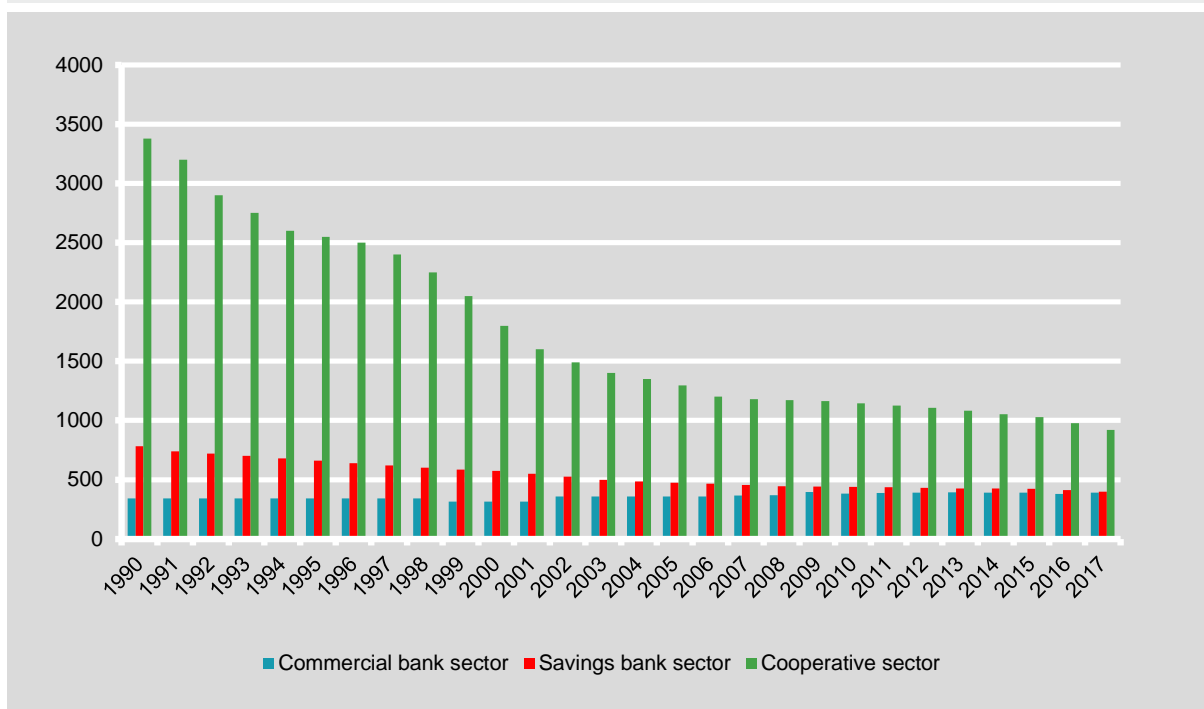
ania had 20 (unchanged), Saarland had 19 (loss of one), and Bremen had eleven (loss of one Landesbank due to a merger).

Of the total figure of 86 departures recorded in the statistics (previous year: 98), 77 (previous year: 78) 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 919 banks and a share of 50.4% (previous year: 976 banks = 51.7%), the cooperative sector remains the largest category of banks by number of institutions. The savings bank sector follows by a relatively wide margin, with 398 institutions and an unchanged share of 21.8%, compared with 412 institutions at the end of 2016. The 390 commercial banks accounted for a share of 21.4% (by comparison, end of 2016: 381 institutions = 20.2%). The 116 (previous year: 119) other banks (= 6.4%) are not considered in this comparison.

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



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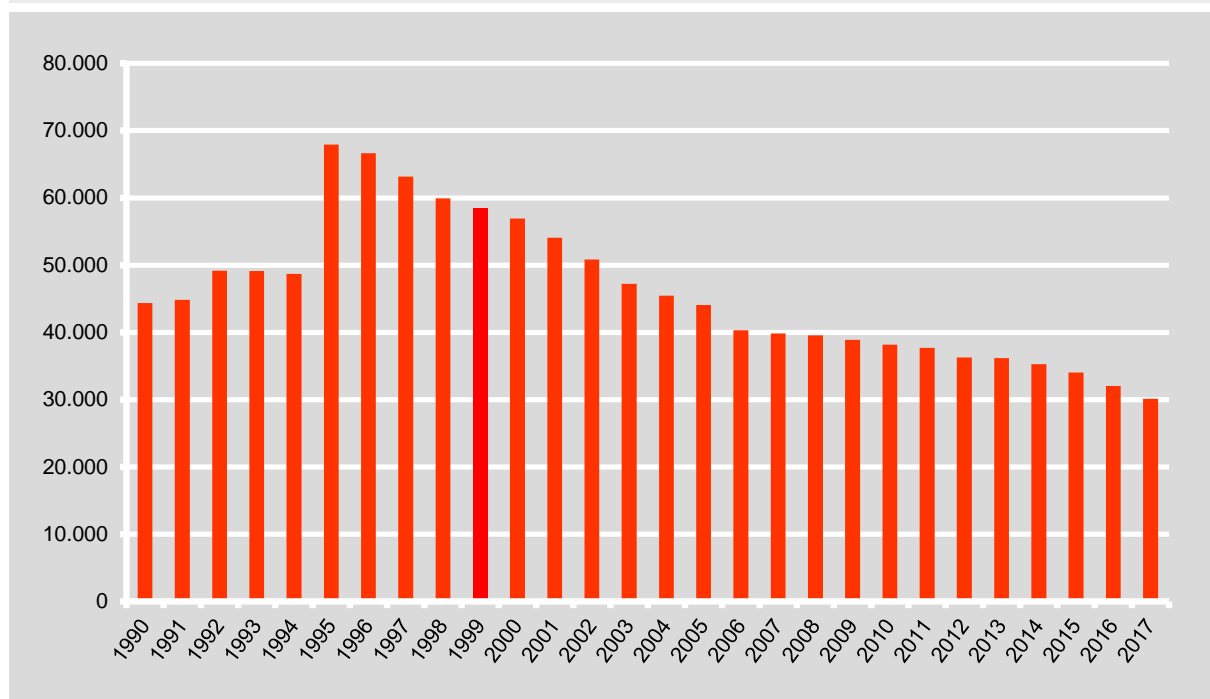
In 1990, there were still 3,377 credit cooperatives and 782 institutions in the savings bank sector, but only 341 commercial banks. The consolidation progressed constantly up to 2006 – ten years ago, there were still no fewer than 1,234 cooperative banks, 446 savings banks

and 373 commercial banks in Germany as a result of this development. The downward trend 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 fall very sharply in 2017. While 32,026 branches were reported at the end of 2016, this number dropped by 1,900 over the course of 2017 to a new total of 30,126 branches. This corresponds to a decline of 5.9%. In 2016, the decrease also amounted to 5.9% compared with 3.6% in 2015. Branches are defined pursuant to section 24(1a) number 4 of the German Banking Act. Branches that do not have staff offering advisory services and/or only provide ATMs or statement printers are not included in this figure.

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



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Looking at the overall development of branch numbers since 1997, a continual thinning-out of the branch network is discernible in the German banking sector, which still comprised 63,186 branches at that time (including 16,100 branches of Deutsche Postbank AG). Compared with 1997, the number of branches has thus gone down by more than half, declining by 52.3% (ten-year comparison: -24.4%; five-year comparison: -17.0% – the rapid decrease

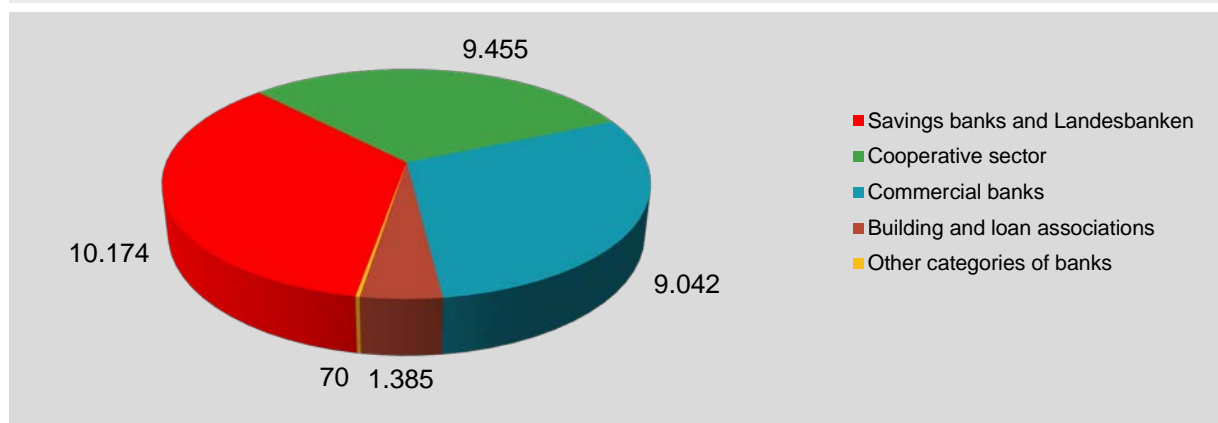
occurred mainly between 1997 and 2006, with the Postbank network alone accounting for around 12,000 branches).

### Sectoral distribution of branches

The continually persistent trend of thinning out the branch network is affecting every category of banks. The savings banks and Landesbanken did away with 765 branches in 2017 (-7.0%; previous year: -922 = -7.8%) and were still operating 10,174 branches at the end of the year. In the cooperative sector, 714 branches were closed in 2017 (previous year: 664), leaving 9,455 branches at the end of 2017, falling below the 10,000 mark for the first time. This also represented a decline of 7.0% (previous year: -6.1%). In 2017, the commercial banks reduced their branch network by 402 in net terms (-4.3%, previous year: 283 = -2.9%), having still had 9,042 branches at the end of 2016. The decline affected the branch network of the big banks on the one hand (-185 = -2.6%, number as at 31 December 2017 = 6,820), but had a larger impact on the regional banks and other commercial banks on the other (-222 = -9.8%, number as at 31 December 2017 = 2,053). All of the big banks downsized their branch networks, some to a greater extent than others. By contrast, foreign banks and securities trading banks increased their number of branches by five to 169.

Both public and private building and loan associations experienced slight declines, with a drop of four to 529 branches in the public sector and eleven to 856 in the private sector. The number of branches operated by the other categories of banks stood at 70 (loss of four); these comprise 38 branches of mortgage banks (gain of two), 16 branches of special purpose banks (loss of seven) as well as 16 branches of housing enterprises with savings facilities (gain of one).

### Number of branches (total as at 31 December 2017: 30,126)



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### Regional distribution of branches



Information about the **regional** distribution of branches can no longer be provided owing to the change in the legal basis 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 2017 reporting period, the number of bank offices, i.e. all legally independent credit institutions (head offices) including their branches, once again decreased very significantly by a total of 1,965 offices, falling from 33,914 to 31,949, representing a drop of 5.8%. A high rate of bank office closures was recorded as early as 2015 (-3.5%) and 2016 (-5.8%). This means that the bank office network has been thinned out by almost one-quarter over the last ten years. Compared with the end of 1997, the number of bank offices has even dropped by more than one-half, declining by 34,815 (-52.1%).

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

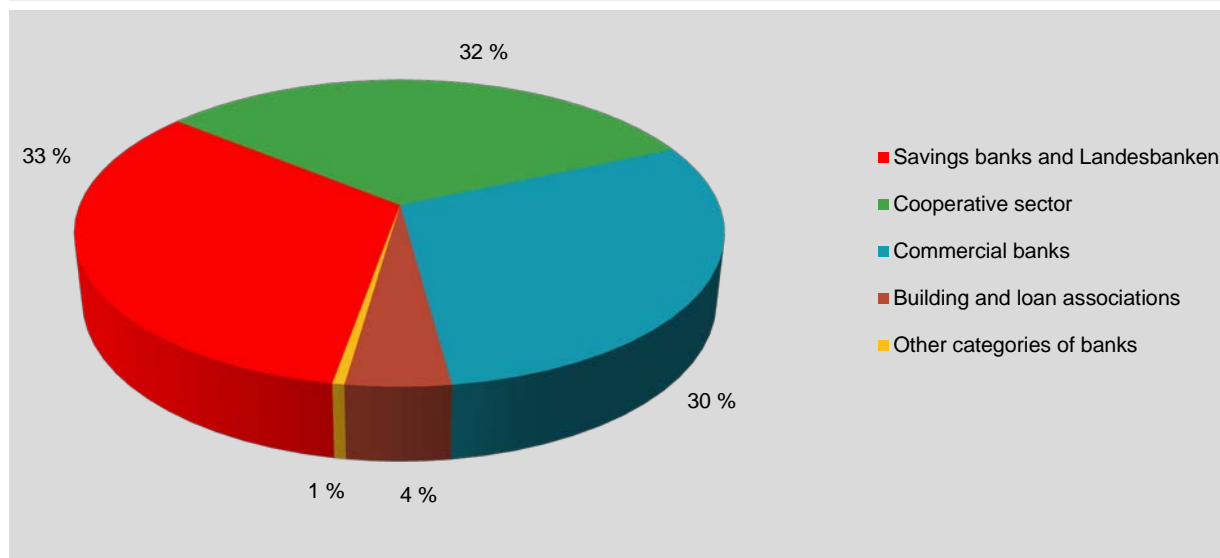
Category of banks	31 Dec 2016	31 Dec 2017	Absolute change	%
Savings bank sector	11,351	10,572	-779	-6.9
Cooperative sector	11,145	10,374	-771	-6.9
Commercial banks	9,825	9,432	-393	-4.0
Building and loan associations	1,420	1,405	-15	-1.1
Other banks	173	166	-7	-4.0
<b>Total</b>	<b>33,914</b>	<b>31,949</b>	<b>-1,965</b>	<b>-5.8</b>

Savings banks just remain the largest sector in the Federal Republic of Germany, with a total of 10,572 bank offices, including 398 head offices. The credit cooperatives follow by a now very small margin, with 10,374 bank offices, including 919 head offices. As at 31 December 2017, the commercial banks category operated 9,432 bank offices, of which 390 were head offices. The building and loan associations come fourth, with 1,405 bank offices, including 20 head offices. The other categories of banks reported 166 bank offices as at 31 December 2017, of which 96 were head offices.

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

### Bank offices in Germany as at 31 December 2017

Percentages



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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 decrease in the bank office density. With 31,949 bank offices and a population of around 82.7 million<sup>3</sup> in Germany, the resulting **bank office density** for the 2017 reporting year was approximately 2,589. This means that, as in previous years, the bank office density continued to fall; five years ago, the bank office density was still as high as 2,100.<sup>3</sup>

## IV Branches abroad (see Annex 3)

The slight downward trend in the foreign presence of German credit institutions continued across almost every category of banks as well as among foreign branches of German banks and foreign subsidiaries (see section V).

<sup>3</sup> Federal Statistical Office: *Bevölkerung auf Grundlage des Zensus 2011 – Deutschland* (accessed on 29 August 2018), as at 30 September 2017.

Link: <https://www.destatis.de/DE/ZahlenFakten/GesellschaftStaat/Bevoelkerung/Bevoelkerung.html>

Notes: 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 30 September 2017).

In total, the number of foreign branches of German credit institutions shrank by 4.3% over the course of 2017 from 234 branches to 224 foreign branches. The commercial banks category remains the most heavily represented abroad, with a total of 177 branches (previous year: 176). Of this figure, 93 are branches of big banks (previous year: 94) and 84 (previous year: 86) are branches of regional and other commercial banks. The number of branches of Landesbanken grew slightly, rising by one branch to 23. Since 2015, the savings banks (excluding Landesbanken) have no longer reported any foreign branches; in the cooperative sector, there are now only eleven, including the four branches of the DZ BANK regional institution of credit cooperatives (previous year: 16). The number of foreign branches of the mortgage banks fell by one to eight. Among the other institutions, the number of foreign branches has more than halved, leaving only five (previous year: eleven).

Geographically speaking, the credit institutions' foreign branches are still concentrated mainly in Europe. Of the 224 branches in total, over two-thirds are domiciled in Europe, with as many as 144 of the 153 European branches located within the European Union. The key foreign location for German institutions is still the United Kingdom, which hosts 26 branches (previous year: 27). As well as in the United Kingdom, branches of German banks are also present in France (17), Italy (15), Luxembourg and Austria (14 each), Spain (twelve), and the Netherlands (ten).

Asia, too, continues to play an important role in the foreign activities of German credit institutions. In 2017, the number of branches there remained steady at 55. The bulk of these bank offices belong to the big banks (44 branches, or 80%). With an unchanged total of twelve foreign branches (of which eleven are in the United States 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 (unchanged). Only one branch is maintained in Africa.

## **V Subsidiaries of German credit institutions abroad (see Annex 4)<sup>4</sup>**

As at 31 December 2017, German credit institutions reported just 124 subsidiaries – institutions in which they hold at least a 50% participating interest – domiciled abroad. This represents a year-on-year decline of seven institutions, or 4.8% (2016: -28, or -16.2%; 2015: -16, or -8.5%; 2014: -15, or -7.4%).

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<sup>4</sup> Due to a cleansing of the database, a total of 14 subsidiaries that no longer exist were recorded as departures in 2018. These comprised eight subsidiaries of the big banks, two of regional banks, two of Landesbanken, one of DZ BANK, and one of a mortgage bank. By country, four of these departures were in Ireland, two in the Cayman Islands, and one each in Australia, Brazil, Japan, Luxembourg, the Netherlands, Norway, Singapore, and Spain. The changes outlined in this bank office report reflect developments without taking consideration of the changes arising from this cleansing of the database.

Within the commercial banks category, the number of majority stakes held by the big banks fell considerably by eight institutions to 86. Among the regional banks, this figure grew by five to 19 subsidiaries.

In the savings bank sector, the Landesbanken reduced their number of foreign subsidiaries by one to nine. The number of foreign subsidiaries owned by the DZ BANK regional institution of credit cooperatives dropped slightly by one to nine. The savings banks maintained only one foreign subsidiary. The German primary credit cooperatives have not had any foreign presence since 2015. The mortgage banks and special purposes banks also no longer have any foreign subsidiaries.

Geographically speaking – as is also the case with the foreign branches – foreign activity is focused on other European countries, with 66 subsidiaries (previous year: 72). Of these subsidiaries, 52 are located in EU member states (previous year: 56), with 16 in Luxembourg alone (unchanged) and nine in the United Kingdom (previous year: ten).

German credit institutions now maintain just 34 foreign subsidiaries in the Americas, six fewer than just one year previously. Of these, 23 are in the United States (previous year: 30). With 31 participating interests (previous year: 41), most foreign subsidiaries in the Americas are owned by the big banks (of which 22 are in the United States (previous year: 29) and four are in the Caribbean). 13 (previous year: 17) subsidiaries of German banks are domiciled in Asia, nine (previous year: ten) in Australia or New Zealand and, as before, two in African countries.

Annexes:

[Bank office statistics 2017](#)

[Brief overview of changes in bank office statistics in 2017](#)