

Bank office report 2020

Development of the bank office network in 2020

Development of the bank office network in 2020

I Number of credit institutions (see Annex 1)

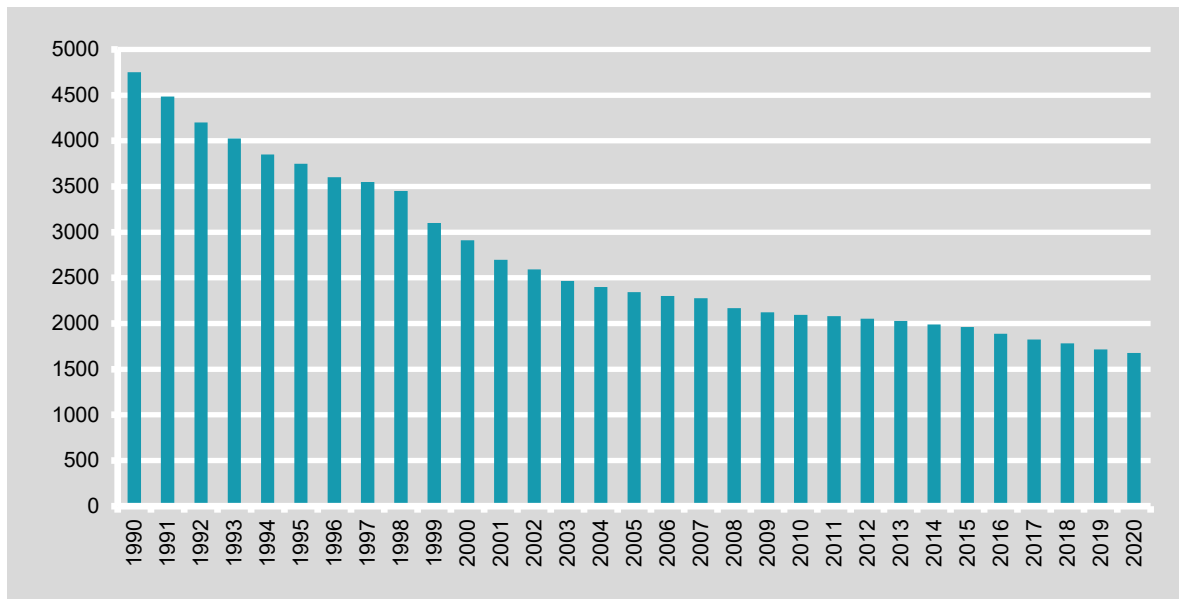
The consolidation process in the German banking sector continued in 2020 but at a slower pace than in the previous year. This was due, first, to a lower number of mergers in the savings bank and cooperative sectors and, second, to an elevated level of closures of British securities trading banks in 2019 on account of Brexit.

“In order for our banks to remain stable and profitable in the medium term, they will have to make business decisions such as branch closures and mergers in the future as well,” said Professor Wuermeling, the Bundesbank Executive Board member responsible for banking supervision. “Banks will also have to increasingly pass on negative interest rates to customers and raise their fees.”

Compared with 2019, the **total number of credit institutions**¹ in Germany (including legally dependent building and loan associations) fell by 38, or 2.2% (previous year: 3.7%), from 1,717 to 1,679 institutions (total number for comparison: 2018: 1,783 institutions; 2015: 1,960 institutions; 2010: 2,093 institutions). While the number of credit institutions fell sharply up until the financial crisis, the consolidation process then became subdued, especially as of 2008. A trend resurgence began in 2013 but has since been slowed by the coronavirus pandemic and the closure of branches of British institutions.

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.

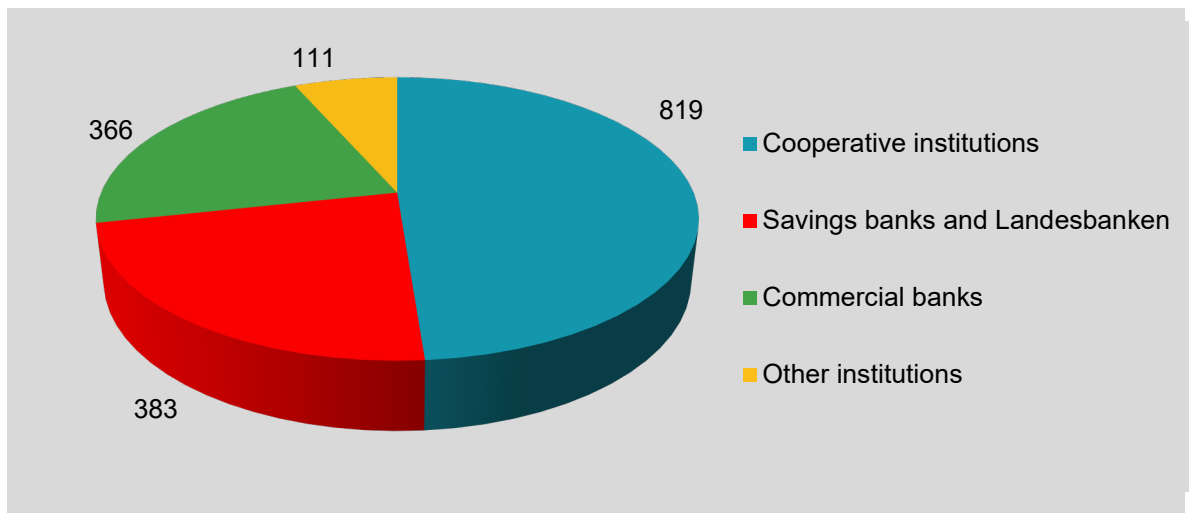
Developments in the total number of credit institutions



Deutsche Bundesbank

Sectoral distribution and distribution by individual category of banks

Number of credit institutions (total as at 31 December 2020: 1,679 institutions)



Deutsche Bundesbank

In terms of the individual categories of banks, the largest decrease – 26 (2019: 34) institutions – was, as in previous years, in the cooperative sector. The number of cooperative institutions declined by 3.1% during the course of the year from 845 to 819 institutions. This contraction was thus more moderate than in previous years (2019: 34 institutions, or 3.9%; 2018: 40 institutions, or 4.4%; 2017: 57 institutions, or 5.8%). The decline was experienced exclusively by

primary credit cooperatives, the number of which fell from 830 to 804 institutions due to mergers. During the coronavirus pandemic, a number of planned mergers were deferred following cancellation or postponement of the necessary members' general meetings or annual general meetings and disruption to normal business operations.

In the savings bank sector (Landesbanken and savings banks), there were only 3 departures due to mergers in 2020 (2019: 6 departures; 2018: also 6 departures; 2017: 14 departures). As a result, there were 377 savings banks and 6 Landesbanken (unchanged) at the end of 2020 – 383 institutions in total.

The number of commercial banks decreased slightly in net terms by 8 to 366 institutions (2019: 24 departures; 2018: 8 departures; 2017: 9 additions). This group comprises 3 big banks, 182 regional and securities trading banks and other commercial banks as well as 181 branches of foreign banks and securities trading banks.

Following the merger of DB Privat- und Firmenkundenbank AG, the legal successor to the former Deutsche Postbank AG, with DEUTSCHE BANK AKTIENGESELLSCHAFT, which took effect on 15 May 2020, there are now only 3 big banks in Germany.

In the commercial bank sector, the largest numerical change was again recorded among branches of foreign banks and securities trading banks, which saw 22 (previous year: 40; 2018: 10) departures. Of these, 11 (previous year: 30) were attributable to British securities trading firms alone, and a further 7 to British banks (as in 2019). Most of this decline is thus related to the United Kingdom's withdrawal from the European Union, which took legal effect on 1 January 2021. The departures of British credit institutions' branches from the banking statistics does not necessarily mean that these institutions have ceased their business operations in Germany, as in some cases these activities have been taken over by branches which the same group of enterprises operates in Germany from an EU Member State. In four cases, branches with an EU passport were converted to German branches of British institutions with authorisation pursuant to Section 53 of the German Banking Act. Furthermore, some British banking groups have transferred the activities of their German branches to branches of foreign investment management companies or legally independent financial services institutions, meaning that they no longer count as credit institutions. However, a number of branches of British institutions had not yet ceased making use of EU passporting arrangements at the end of 2020 and will thus only class as departures in 2021.

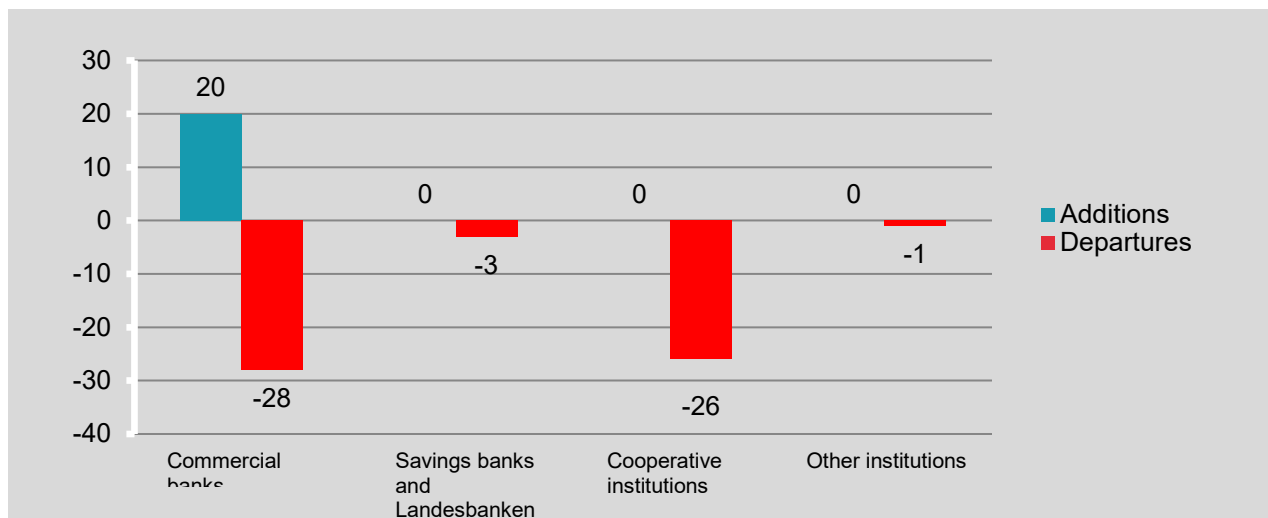
This category of banks also registered 18 (previous year: 13; 2018: 22) additions, meaning that, on balance, the total number of these branches fell moderately by 4 to 181. The additions include the 4 above-mentioned British branches converted pursuant to Section 53 of the German Banking Act as well as new branches of 4 Irish, 4 French and 2 Swedish institutions. Furthermore, a Luxembourgish, a Dutch, a Greek and an additional British bank each set up 1 new branch in Germany.

At 182 institutions, the number of regional and securities trading banks and other commercial banks decreased slightly over the course of 2020 – there were 2 (previous year: 11) additions versus 5 departures (of which 3 were mergers, 1 case of an institution relinquishing its licence and 1 institution whose licence was revoked). Some international banks had already shifted the focus of their European operations to Germany in previous years in anticipation of Brexit. In 2020, only 1 new credit institution with German shareholders opened and 1 financial services institution was converted to a securities trading bank.

In net terms, the total number of other banks fell by 1 to 111 institutions. As at the end of 2020, following 1 departure resulting from a merger, these included 10 private building and loan associations and (unchanged from the previous year) 8 public building and loan associations.² There was no change in the number of mortgage banks (10), special purpose banks (19), housing enterprises with savings facilities (47), guarantee banks (16) and central securities depositories (1).

Altogether, there were 20 additions versus 58 departures in 2020, but no reclassifications to other categories. In addition, 5 institutions relocated to another federal state.

Additions and departures of credit institutions in 2020



Deutsche Bundesbank

Regional distribution

Bavaria, the largest federal state by area, is still home to the most credit institutions (359 banks in total) despite seeing 10 (previous year: 13) departures (compared with 5 additions). This decline was due to mergers in the cooperative category (5) and the commercial banks category (1, although this bank's business was transferred to a new branch of the acquiring bank located in another federal state), the revocation of 1 securities trading bank's licence and the closure

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.

of 1 branch of a British securities trading firm. 3 new branches of foreign banks were established. 1 regional bank relocated its head office from North Rhine-Westphalia to Bavaria whilst another regional bank and 1 branch of a British commercial bank moved out of Bavaria.

Hesse recorded the most new additions by far, with an increase of 16 (previous year: 24 institutions). Of these, 12 (previous year: 11) were newly opened branches of foreign credit institutions or securities trading banks. These include 4 branches of British banks pursuant to Section 53 of the German Banking Act that were previously branches pursuant to Section 53b of the German Banking Act with an EU passport and, as in the previous year, 1 branch of a British securities trading firm. Irish institutions established 4 and French institutions 3 new branches in connection with Brexit; plus there were 2 new branches of Swedish banks as well as 1 new branch each of a Dutch and a Greek bank. Furthermore, Hesse became home to 1 new regional bank and 1 new securities trading bank. 2 branches, 1 of a foreign credit institution and 1 of a foreign securities trading bank relocated from other federal states to Hesse. Of the 23 (previous year: 43) departures, 20 (previous year: 35) were in the category of branches of foreign credit institutions or securities trading banks (including 17 from the United Kingdom alone, compared with 34 in the previous year, plus a few more are to be expected following the completion of Brexit on 1 January 2021) and 1 (previous year: 4) was in the credit cooperative category as a result of mergers. In the category of big banks, the legal successor to Postbank, DB Privat- und Firmenkundenbank AG, merged with DEUTSCHE BANK AKTIENGESSELLSCHAFT. 1 regional bank was part of a cross-border merger with a foreign credit institution. The total number of institutions in this federal state stood at 297 (previous year: 304) 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 259 (previous year: 270) institutions. This corresponds to a net decrease of 11 (previous year: 15) institutions (1 addition and 12 departures). The decline was due to mergers in the cooperative category (6), the savings banks category (1) and the building and loan associations category (1). 1 regional bank relocated its headquarters to Bavaria and 1 securities trading bank moved to Hesse. Another securities trading bank surrendered its licence and 1 branch of a French credit institution closed. 1 regional bank moved to North Rhine-Westphalia.

Baden-Württemberg recorded 1 addition (previous year: 0) and 9 (previous year: 5) departures. 8 (previous year: 3) departures were due to mergers of credit cooperatives. 1 regional bank relocated its headquarters to North Rhine-Westphalia, whilst another moved from Bavaria to Baden-Württemberg. At the end of 2020, there were a total of 257 (previous year: 265) banks in Baden-Württemberg.

In **Lower Saxony**, only 3 (previous year: 4) departures were recorded owing to 2 mergers of savings banks and 1 merger of a cooperative bank, meaning that as at 31 December 2020, 151 institutions were domiciled in this federal state.

The **other federal states** each have fewer than 100 resident banks. At the end of 2020, Rhineland-Palatinate had 76 institutions (-1), Schleswig-Holstein had 45 (-2), Hamburg had 39 (unchanged), Saxony had 36 (unchanged), Thuringia had 33 (-1), Saxony-Anhalt had 30 (-1), Berlin had 29 (2 additions of branches of foreign banks), Brandenburg had 26 (unchanged), Mecklenburg-West Pomerania had 17 (-1), Saarland had 16 (unchanged), and Bremen had 9 (unchanged).

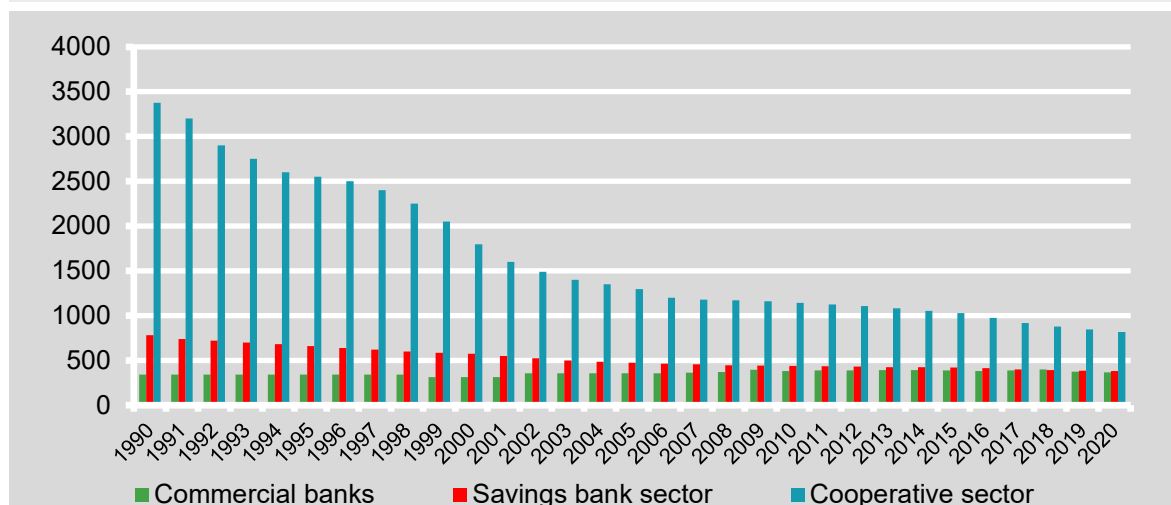
Of the 63 (previous year: 96) departures recorded in the statistics, 34 (previous year: 46) were attributable to mergers (2 of which took place over state borders) and 13 to takeovers by other institutions. Of these, 4 branches of British credit institutions were converted into branches pursuant to Section 53 of the German Banking Act and a total of 3 branches of British securities trading firms transferred their business activities to financial services institutions or investment management companies and thus no longer count as banks. The number of departures of branches of British institutions will rise in 2021 as some had not yet ceased making use of EU passporting arrangements at the end of 2020 before Brexit came into effect.

Moreover, 10 (previous year: 34) licences were relinquished and 1 was revoked. In addition, 5 technical departures were registered on account of head office relocations to other federal states.

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 819 banks and a share of 48.8% (previous year: 845 banks = 49.2%), the cooperative sector remains the largest category of banks by number of institutions. The savings bank sector follows by a relatively wide margin, with 383 institutions and a share of 22.8% (previous year 22.5%), compared with 386 institutions at the end of 2019. The 366 commercial banks continued to account for a share of 21.8% (by comparison, end of 2019: 374 institutions). The 111 (previous year: 112) other banks (= 6.6%) are not considered in this comparison.

Number of credit institutions in the three most important banking sectors



Deutsche Bundesbank

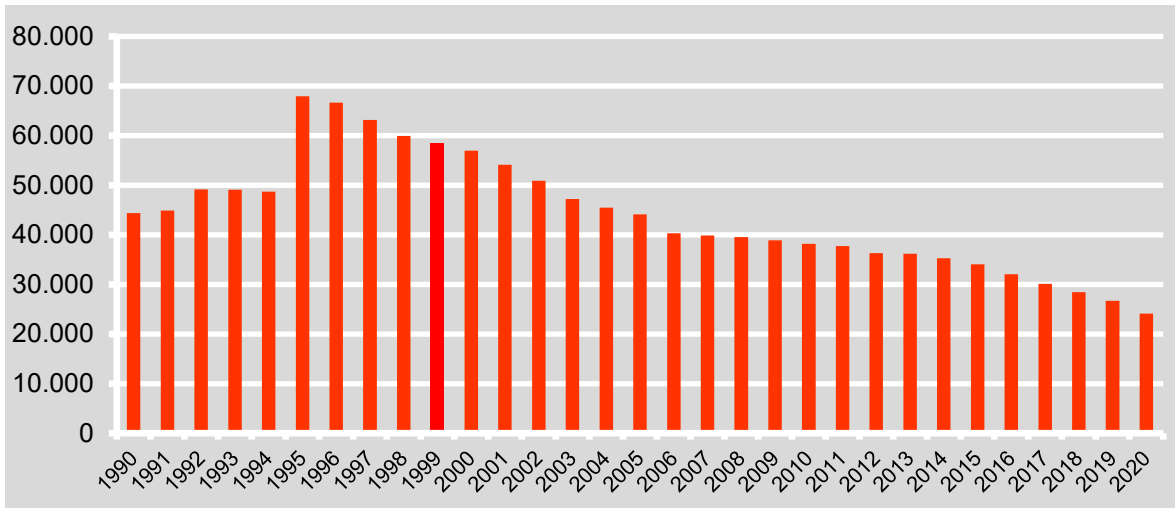
In 1990, there were still 3,377 cooperative banks and 782 institutions in the savings bank sector, but only 341 commercial banks. Twenty years ago, 1,798 credit cooperatives including central institutions, 575 savings banks including Landesbanken and 314 commercial banks were recorded in Germany. Consolidation progressed at a steady pace up to 2006. Ten years ago, 1,143 credit cooperatives, 439 savings banks and 382 commercial banks in Germany remained as a result of this development. The decline initially decelerated significantly as from 2006, but accelerated again 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 fell considerably, possibly as a result of the coronavirus pandemic complicating technical implementation. Bucking the general trend in the sector, the number of commercial banks declined to a moderate extent in a ten-year comparison, decreasing by only 16 institutions to 366 since 2010. Following the completion of Brexit on 1 January 2021, the number of departures of branches of British institutions will rise in 2021 as some had not yet ceased making use of EU passporting arrangements at the end of 2020.

II Branches of credit institutions (see Annex 2)

The total number of branches in Germany underwent a significant contraction of almost 10% in 2020. While 26,667 branches were registered at the end of 2019, this number dropped by 2,567 over the course of 2020 to a new total of only 24,100 branches. The coronavirus pandemic is likely to have served as a catalyst here, on top of extensive restructuring in the big bank sector. All in all, this represents a sharp reduction of 9.6%. In 2018 and 2019, the number of branches decreased by 5.6% and 6.2%, 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 payments statistics, a total of 66,152 ATMs (unfortunately, the possibility of ATMs being counted multiple times cannot be ruled out) and around 26,700 self-service terminals with a credit transfer function were operated by banks and payment settlement providers in Germany as at the end of 2019.

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



Deutsche Bundesbank

Looking at the overall change in branch numbers since 2000, a continual thinning-out of the branch network is discernible in the German banking sector, which still comprised 56,936 branches at that time (including 13,629 branches of Deutsche Postbank AG). Compared with 2000, the number of branches has thus gone down by far more than half, declining by 57.8% (ten-year comparison: -36.9%; five-year comparison: -29.2%), with the decrease being sharp mainly in the years up to 2006 and intensifying again since 2015. All in all, the last 20 years up to 2020 saw the branch network of German big banks alone (including branches of the now defunct Postbank) shed over 11,000 branches to leave them at just shy of one-third of their 2000 level, while the savings bank sector lost more than 9,000 branches to leave them at less than half and the credit cooperative sector over 7,500 branches to leave them at just over half.

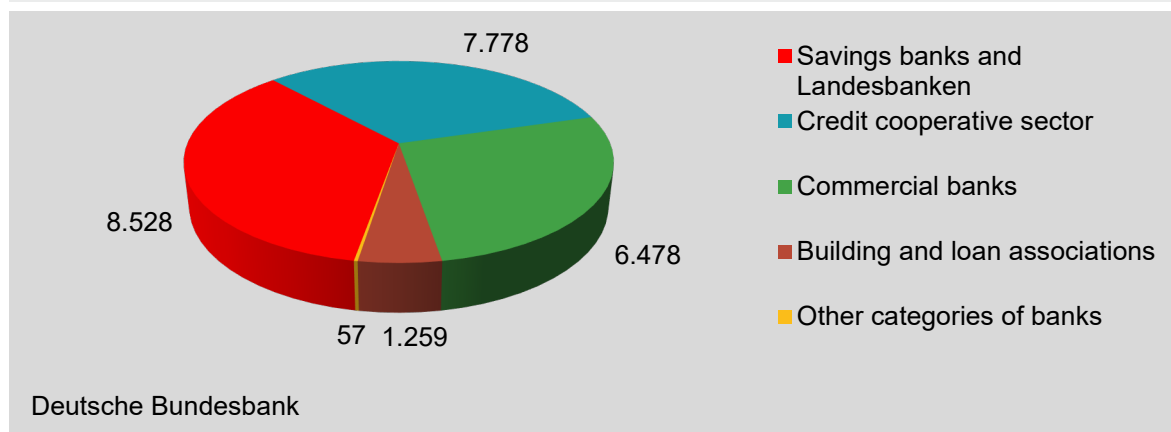
Sectoral distribution of branches

The ongoing trend of thinning out the branch network is affecting every category of banks. Savings banks and Landesbanken closed 679 branches in 2020 (-7.8%; previous year: -525 = -5.4%), leaving 8,528 branches at the end of the year. However, with a share of 36.2%, this sector still has the largest number of domestic branches. In the cooperative sector, 706 branches were closed in 2020 (= -8.3%; previous year: -471 = -5.3%). At the end of the year, a total of 7,778 branches thus remained, corresponding to 33.0% of all domestic branches. Commercial banks reduced the number of their branches to a very significant extent in 2020, scaling them back by 1,155 (= -15.1%; previous year: only -689 = -8.3%), i.e. by more than one-seventh, to 6,478. This corresponds to an overall share of 26.8%, down from 28.6% at the end of 2019. This contraction is almost entirely attributable to German big banks reducing the number of their domestic branches by 1,073. Commerzbank AG closed far more domestic branches than in previous years, as did Deutsche Bank AG following its merger with Postbank's legal successor. Figures for the latter include the partner branches of the now defunct Deutsche Postbank AG and Deutsche Post AG, which conducted banking business for Deutsche Bank AG. With 5,146 branches (previous year: 6,219), big banks still have the largest share of all commercial bank branches. By contrast, the branch network of regional banks and other commercial banks lost only 79 branches to leave 1,161 branches (= -6.4%; previous year: -63 = -4.8%). Foreign banks and securities trading banks operated 171 branches (-3).

Building and loan associations reduced their branch network to a comparatively moderate extent overall, with a drop of 11 to 792 branches in the private sector and of 8 to 467 branches in the public sector. The number of branches operated by the other categories of banks stands at 57 (-8); these comprise 37 branches of mortgage banks (-1), 5 branches of special purpose banks (-7) and 15 branches of housing enterprises with savings facilities (unchanged).

The coronavirus pandemic has served to accelerate the branch closure trend in the German banking industry. This development has been clear to see for some years due to the banks' need to cut costs due to persistently low interest rates and, not least, a shift in user behaviour as customers increasingly turn to online banking.

Number of branches (total as at 31 December 2020: 24,100)



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 2020 reporting period, the number of bank offices, i.e. all legally independent credit institutions (head offices) including their branches, decreased by a far greater amount than in previous years, shrinking by a total of 2,605 (previous year: 1,286) offices from 28,384 to 25,779. This represents a drop of 9.2% (previous year: 4.3%). This means that the bank office network has been thinned out by around 36.0% over the last ten years. Compared with the end of 2000, the number of bank offices has actually more than halved, declining by 34,069 (-56.9%).

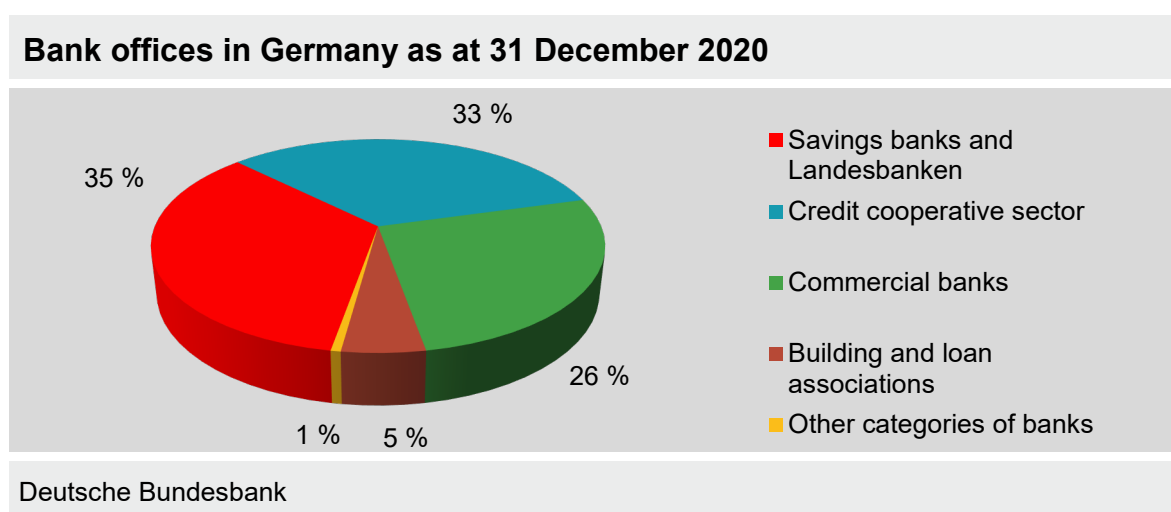
Year-on-year change in the number of bank offices in Germany:

Category of banks	31 Dec. 2019	31 Dec. 2020	Absolute change	%
Savings bank sector	9,593	8,911	-682	-7.1
Cooperative sector	9,329	8,597	-732	-7.8
Commercial banks	8,007	6,844	-1,163	-14.5
(of which: big banks)	(6,223)	(5,149)	(-1,074)	(-17.3)
Building and loan associations	1,297	1,277	-20	-1.5
Other banks	158	150	-8	-5.1
Total	28,384	25,779	-2,605	-9.2

Savings banks just about remain the largest sector in the Federal Republic of Germany, with a total of 8,911 bank offices, including 383 head offices. Credit cooperatives follow by a very small margin, with 8,597 bank offices, including 819 head offices. As at 31 December 2020, the commercial bank sector operated 6,844 bank offices, including 366 head offices, representing a reduction of one-seventh compared with the end of 2019 (8,007; -14.5%). The main reason for this is the thinning-out of the big banks' branch network, which comprised only 5,149 bank offices at the end of 2020 compared with 6,223 at the end of 2019. This means that, roughly speaking, more than one in six bank offices in this sub-sector closed their doors. Building and loan associations come fourth, with 1,277 bank offices, including 18 head offices. The other categories of banks reported 150 bank offices as at 31 December 2020, of which 93 were head offices.

The decline in the number of bank offices primarily reflects a shift in customer behaviour as they forgo in-person branch visits in favour of online banking, and this trend has been further amplified by the coronavirus pandemic. Furthermore, banks have been faced with the need to cut costs due to operating in a tough competitive environment.

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



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 25,779 bank offices and a population of around 83.2 million³ in Germany, the resulting **bank office density** for the 2020 reporting year was approximately 3,227 (previous year: 2,931). Five years

³ Statistisches Bundesamt: *Bevölkerungsstand - Fortschreibung auf Grundlage des Zensus 2011 - Deutschland* (accessed on 12 April 2020), as at 31 December 2020 (estimated) – rounded same as at 30 September 2020.
Links: https://www.destatis.de/EN/Themes/Society-Environment/Population/Current-Population/_node.html
and https://www.destatis.de/EN/Press/2021/01/PE21_016_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 2020).

ago, bank office density was 2,271 (10-year comparison: 2,030; 20-year comparison: 1,777; 25-year comparison: 1,570 – in each case including Deutsche Postbank AG).³

IV Branches abroad (see Annex 3)

The years-long downward trend in German credit institutions' foreign presence did not continue in the year under review. While foreign subsidiaries of German banks recorded a sharp decline to 83 (-9 – see Section V), the number of foreign branches of German credit institutions rose very sharply by 22 to 273 (+8.8%) in 2020.

This increase is connected to Brexit, which, in 2020 and the years prior, saw some international commercial banks relocate their European headquarters to Germany and open branches, primarily in other European countries. The commercial bank sector comprises by far the greatest number of foreign branches (230; previous year: 207). With the number of big bank branches remaining unchanged at 92, this rise was due to the increase in the number of regional bank and other commercial bank branches alone, which went up from 115 to 138. The number of Landesbanken branches remained the same, at 21. Savings banks (excluding Landesbanken) have not reported any foreign branches since 2015. In the cooperative sector, there are 10, as in the previous year, with the figure including the 4 branches of the DZ BANK regional institution of credit cooperatives. The number of foreign branches operated by mortgage banks was unchanged at 8, while the number of foreign branches operated by other institutions was lower than at the end of 2019, at 4 (-1).

Geographically speaking, credit institutions' foreign branches are still concentrated mainly in Europe. Of the 273 branches in total, almost three-quarters (74.7%) are domiciled in Europe, with 195 (previous year: 173) of the 204 (previous year: 182) European branches situated within the European Union alone and, of these, 139 (previous year: 120) located in euro area countries. At the end of 2020, directly prior to Brexit, the main foreign location for German institutions was France, which was home to 29 branches (previous year: 25), followed by the United Kingdom, which still had 25 branches (previous year: 29). 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 23 branches of German banks in Italy (+5), 21 in Spain (+4), 18 in the Netherlands (+5), 16 in Luxembourg (+1), plus 12 in Austria (+1) and Sweden (+4), respectively.

Asia, too, continues to play an important role in the foreign activities of German credit institutions. The number of branches there remained steady at 52. The bulk of these bank offices belong to big banks (41 branches, or 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 3 foreign branches (unchanged). Only one branch is operated in Africa.

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

As at 31 December 2020, German credit institutions reported 83 subsidiaries – institutions in which they hold a participating interest of more than 50% – domiciled abroad. Compared with 2019, this represents a quite significant decrease of 9 institutions, or 9.8% (previous year: -5 = -5.2%). There were still 428 subsidiaries prior to the financial crisis at the end of 2007.

Within the commercial banks category, the number of majority stakes held by the big banks fell by 4 institutions to 63. Among regional banks, this figure declined by 2 to 9 subsidiaries. In the savings bank sector, only Landesbanken continued to operate subsidiaries (3; previous year: 5); the only foreign subsidiary of savings banks specifically was sold in 2020.

The number of foreign subsidiaries owned by the DZ BANK regional institution of credit cooperatives was unchanged at 8. In terms of subsidiaries, German primary credit cooperatives have had zero foreign presence since 2015. Mortgage banks and special purpose banks also no longer have any foreign subsidiaries.

Geographically speaking – as for the foreign branches – foreign activity is focused on other European countries, with 38 subsidiaries there (previous year: 43) remaining in spite of the decline. Of these, 29 subsidiaries (previous year: 32) are situated in EU Member States, of which 18 (previous year: 21) are in euro area countries; Luxembourg alone is home to 8 (previous year: 10), while the United Kingdom, directly prior to Brexit, had 5 (unchanged from previous year).

German credit institutions operate only 24 (previous year: 28) foreign subsidiaries in the Americas. Of these, only 15 (previous year: 18) are in the United States. With 22 participating interests (previous year: 25), the vast majority of foreign subsidiaries in the Americas are owned by big banks (15 of which (previous year: 17) are in the United States, 4 in South America and 3 in the Caribbean).

As before, there are 12 subsidiaries of German banks domiciled in Asia and 9 (unchanged) in Australia or New Zealand. German banks have not operated any subsidiaries in African countries since 2018.

Annexes:

[Bank office statistics in 2020](#)

[Brief overview of changes in bank office statistics in 2020](#)