Monetary policy and banking business

Interest rate policy and the money market

Eurosystem interest rates unchanged

Over the past few months, the Governing Council of the European Central Bank has continued its steady monetary policy course. Since the last interest rate increase on 13 June 2007, the main refinancing operations have been conducted as variable rate tenders with a minimum bid rate of 4%; the interest rates on the marginal lending facility and the deposit facility have been 5% and 3%, respectively. However, the concerns regarding longer-term inflation risks, which had previously led the Governing Council to reduce the expansionary stance of monetary policy in the Eurosystem, continue to exist as before in the council's opinion. The ongoing dynamic money and credit growth has not been the only indicator for this. Stability risks have also been associated with the strong price pressures (stemming mainly from energy and food prices), the overall robust economy and the increasing tensions on the labour markets.

Money market rates ...

Following a phase of stabilisation and consolidation of the money market conditions which lasted until November, the announcement that US banks had sustained large losses as a result of their direct or indirect involvement in the loan securitisation business triggered a new wave of uncertainty on the financial markets, which also disrupted the gradual further easing of tension on the European money market. However, with the help of generous refinancing operations and a flexible use of liquidity policy instruments, it was possible to defuse the tense liquidity conditions on the money market for the most part.

Money market management and liquidity needs

During the three reserve maintenance periods from 10 October 2007 to 15 January 2008, euro-area credit institutions' need for central bank money arising from autonomous factors determining bank liquidity fell by €6.7 billion in net terms. The volume of banknotes in circulation in the euro area increased sharply by €30.9 billion, the expansion being particularly robust in December, which is usual for the time of year, but still somewhat sharper than a year before. Banknotes reached a high of €680.0 billion on 1 January 2008. However, this sharp increase was more than offset by the remaining autonomous factors. Liquidity needs arising from general government deposits fell by €17.3 billion net. If, in order to eliminate valuation effects, the changes in net reserve assets and other factors are taken together, these two items resulted in a liquidity provision of €20.3 billion. This was caused mainly by Eurosystem purchases of financial assets which are unrelated to monetary policy. The required level of minimum reserves went up noticeably by €7.3 billion, giving rise to greater demand for central bank liquidity.

In the period under review, the Eurosystem continued its generous supply of liquidity to banks, which began in August 2007, to help keep the money market functioning as normal and limit the volatility of the EONIA. The Eurosystem made it possible for banks to, again, fulfil their reserve requirements early within the maintenance period. The extension of the two supplementary longer-term tenders gave three-month refinancing operations a higher weighting than weekly refinancing operations. In the period under review, the Eurosystem carried out a total of 14 fine-tuning operations. Liquidity-providing fine-tuning operations were no longer necessary.

In the first main refinancing operation (MRO) of the maintenance period beginning on 10 October, the ECB allotted €40.0 billion above the benchmark, thus reinforcing its policy of "allocating more liquidity than the benchmark amount in main refinancing operations". The liquidity management aim of "keeping very short-term rates close to the minimum bid rate" was also underlined. When the EONIA tumbled to 3.82% at the beginning of the reserve period, the ECB stabilised the overnight interest rate with a five-day liquidity-absorbing fine-tuning operation with a volume of €30 billion. For the rest of the period, the EONIA stood at just over 4.00%, indicating a slight tendency towards an easing of tensions over the more marked fluctuations in money market rates at the beginning of the crisis in August. In line with its communication, the ECB reduced above-benchmark amounts over the reserve maintenance period to €3.5 billion in the last MRO. The EONIA decreased to 3.84% on the penultimate day of the period. In response, the ECB carried out a liquidity-absorbing fine-tuning operation with a volume of €37 billion on the last day of the maintenance period which led to underbidding of €9.3 billion and caused the EONIA to fall to 3.76%.

In the November-December maintenance period, the ECB continued its considerably increased allotments in MROs. However, rising marginal allotment rates and a continuous increase in the EONIA to a high of 4.11% caused the ECB, on 23 and 26 November, to reinforce its liquidity policy vis-à-vis market participants without implementing the usual practice of gradually reducing amounts allotted above the benchmark within the maintenance period. This curbed the upward trend, although the EONIA consequently fell to a low of 3.74% and the ECB countered with liquidity-absorbing fine-tuning operations. The EONIA stood at 4.04% on the last day of the maintenance period.

In the December-January maintenance period, the liquidity needs of banks, which, although usual for the time of year, were particularly pronounced owing to the continued tensions in the money market, were the focus of liquidity provision at Christmas and the turn of the year. The Eurosystem therefore resolved on 30 November to extend the main refinancing operation scheduled for 19 December to 16 days. The *de facto* fixed-rate tender – owing to the announcement that all bids of 4.21% and above would be met – proved to be a suitable measure for reducing uncertainty in the money market. Even so, the very high above-benchmark allotment of €168 billion quickly brought the overnight rate back down to well under 4.00%, with the result that the ECB reacted on a daily basis with liquidity-absorbing fine-tuning operations until the maturity date of the main refinancing operation. The EONIA stood at 3.92% on the last day of the year. In the new year, the usual fluctuations in the EONIA were felt towards the end of the maintenance period. After a liquidity-absorbing fine-tuning operation with a volume of €20.0 billion, the EONIA stood at 4.08% and was therefore 8 basis points above the minimum bid rate. The integration of Malta and Cyprus into the euro area passed smoothly from a liquidity management perspective.

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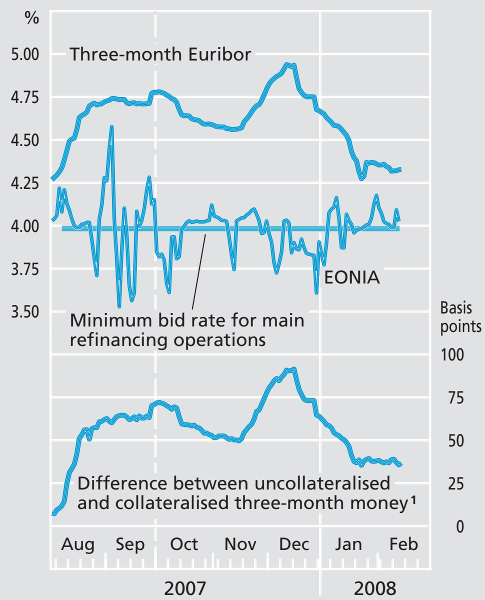
As in previous months, the Eurosystem, within the framework of its operations on the money market, ensured an earlier provision of liquidity (front loading) in the course of the reserve maintenance period. This was augmented by offers of additional longer-term refinancing operations. In this way, the Eurosystem made it easier for banks to carry out operations that continue past the turn of the year, something which is generally associated with considerable difficulties. Against this background, the Eurosystem extended the maturity of the main refinancing operation conducted on 19 December from seven to 16 days and completely allocated this operation, starting, as previously announced, at an interest rate of 4.21%.[1] At the same time, the Eurosystem also made increasing use of liquidity-absorbing fine-tuning operations in order to take excess liquidity out of the market again and so keep the overnight market interest rate (EONIA) from falling too far below the minimum bid rate.

... still marked by nervousness

In this way, the Eurosystem was successful in avoiding liquidity shortages and serious functional disruptions on the money market. However, these measures tended, at best, to simply counteract the – at times – high degree of nervousness of the market players. This can be seen especially in the development of the longer-term money market rates, whose risk premiums for unsecured money market transactions had clearly increased as a result of the subprime crisis. For example, the interest rate spread between the uncollateralised three-month Euribor and the collateralised three-month Eurepo had increased to more than 0.9 percentage point by mid-December. After the turn of the year, this interest rate premium had been clearly reduced again. It was last measured at 0.4 percentage point but was still well above the rate prior to the outbreak of the turmoil on the financial markets (when it was less than 0.1 percentage point).

Money market interest rates in the euro area



1 Three-month Euribor less three-month Eurepo.

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Monetary developments in the euro area

Strong monetary growth continues

At a seasonally adjusted annual rate of just over 11%, euro-area M3 rose about as strongly in the fourth quarter as in the third quarter (11½%). In this case, non-banks

1 In a concerted action with other central banks, the Eurosystem also carried out two additional long-term tender operations denominated in US dollars, with a three-month maturity and a total volume of US$20 billion.

Factors determining bank liquidity *

€ billion; changes in the daily averages of the reserve maintenance periods vis-à-vis the previous period

Item	2007		2008
	10 Oct to 13 Nov	14 Nov to 11 Dec	12 Dec to 15 Jan
I Provision (+) or absorption (–) of central bank balances due to changes in autonomous factors			
1 Banknotes in circulation (increase: –)	– 2.8	– 4.5	– 23.6
2 General government deposits with the Eurosystem (increase: –)	+ 7.8	– 6.0	+ 15.5
3 Net foreign reserves 1	+ 5.7	– 0.1	+ 16.3
4 Other factors 1	+ 5.3	+ 3.3	– 10.2
Total	+ 16.0	– 7.3	– 2.0
II Monetary policy operations of the Eurosystem			
1 Open market operations			
(a) Main refinancing operations	– 14.1	– 7.2	+ 82.7
(b) Longer-term refinancing operations	+ 2.7	+ 13.6	– 9.8
(c) Other operations	– 4.2	+ 2.9	– 66.2
2 Standing facilities			
(a) Marginal lending facility	– 0.2	+ 0.2	– 0.0
(b) Deposit facility (increase: –)	+ 1.0	+ 0.2	– 0.7
Total	– 14.8	+ 9.7	+ 6.0
III Change in credit institutions' current accounts (I + II)	+ 1.0	+ 2.4	+ 4.1
IV Change in the minimum reserve requirement (increase: –)	– 1.2	– 2.2	– 3.9

* For longer-term trends and the Deutsche Bundesbank's contribution, see pages 14* and 15* of the Statistical Section of this Monthly Report. — 1 Including end-of-quarter valuation adjustments with no impact on liquidity.

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were mostly interested in M3 components remunerated close to market rates, whereas the combined M1 components, currency in circulation and overnight deposits, increased by only just under 1% in the reporting period in seasonally adjusted and annualised terms, compared with just over 4% in the previous quarter. Marketable instruments, by contrast, were more in demand in the period under review. For example, especially money market fund shares were built up again significantly, after being reduced at an annualised rate of 11½% in the third quarter. The refusal by some funds to take back their own shares in order to avoid fire sales of their own holdings of paper and thus losses in the unfavourable market environment evidently caused investors for a time to sell money market fund shares. Moreover, the reporting period again saw demand for short-term bank debt securities, which benefited from the market interest rate rise at the short end of the maturity spectrum, and for short-term time deposits, which sharply increased again in the fourth quarter. They were sought, in particular, by other financial intermediaries as well as households. This also involved shifts at the expense of overnight deposits.

Certain slowdown in loans to the private sector ...

As in previous quarters, the heavy lending of banks to the private sector was the main source of money creation in the euro area. However, the growth of loans to domestic private non-banks significantly slowed down in the fourth quarter. In seasonally adjusted and annualised terms, they increased by almost 9% most recently, compared with a corresponding rate of 12½% in the period from July to September. The decline of the expan-

Open market operations of the Eurosystem *

Value date	Type of trans-action 1	Maturity in days	Actual allotment in € billion	Deviation from the benchmark in € billion	Marginal rate/fixed rate %	Allotment ratio %	Weighted rate %	Cover ratio % 2	Number of bidders
14.11.07	MRO	7	182.0	20.0	4.15	83.72	4.16	1.54	298
21.11.07	MRO	7	169.0	18.5	4.17	52.84	4.19	1.64	299
23.11.07	S-LTRO	90	60.0	–	4.55	50.46	4.61	2.47	130
28.11.07	MRO	7	178.0	30.0	4.18	43.44	4.20	1.45	283
29.11.07	LTRO	91	50.0	–	4.65	3.61	4.70	2.65	175
05.12.07	MRO	7	163.0	10.0	4.18	44.45	4.20	1.56	273
07.12.07	FTO (–)	5	– 8.0	–	4.00	21.27	–	4.70	30
11.12.07	FTO (–)	1	– 21.0	–	4.00	89.17	–	1.12	20
12.12.07	MRO	7	218.5	35.0	4.18	59.76	4.21	1.28	284
12.12.07	S-LTRO	92	60.0	–	4.81	56.95	4.88	1.75	122
17.12.07	FTO (–)	2	– 36.6	–	4.00	100.00	–	1.00	25
19.12.07	MRO	16	348.6	168.1	4.21	100.00	4.21	1.08	390
19.12.07	FTO (–)	1	– 133.6	–	4.00	100.00	–	1.00	52
20.12.07	LTRO	98	48.5	–	4.00	100.00	4.56	1.00	97
20.12.07	FTO (–)	1	– 150.0	–	4.00	90.46	–	1.11	58
21.12.07	FTO (–)	6	– 141.6	–	4.00	100.00	–	1.00	55
27.12.07	FTO (–)	1	– 145.6	–	4.00	100.00	–	1.00	49
28.12.07	MRO	7	20.0	217.0	4.20	7.19	4.27	2.38	118
28.12.07	FTO (–)	3	– 150.0	–	4.00	93.49	–	1.07	52
31.12.07	FTO (–)	2	– 101.6	–	4.00	100.00	–	1.00	44
02.01.08	FTO (–)	1	– 168.6	–	4.00	100.00	–	1.00	54
03.01.08	MRO	5	128.5	35.0	4.18	97.21	4.21	2.14	269
03.01.08	FTO (–)	1	– 200.0	–	4.00	94.06	–	1.06	69
09.01.08	MRO	7	151.5	4.0	4.20	70.63	4.22	1.87	301
15.01.08	FTO (–)	1	– 20.0	–	4.00	43.75	–	2.29	28

***** For more information on the Eurosystem's operations from 10 October 2007 to 13 November 2007, see Deutsche Bundesbank, Monthly Report, November 2007, p 27. — **1** MRO: main refinancing operation, LTRO: longer-term refinancing operation, S-LTRO: supplementary longer-term refinancing operation, FTO: fine-tuning operation (+: liquidity providing operation, –: liquidity absorbing operation). — **2** Ratio of total bids to the allotment amount.

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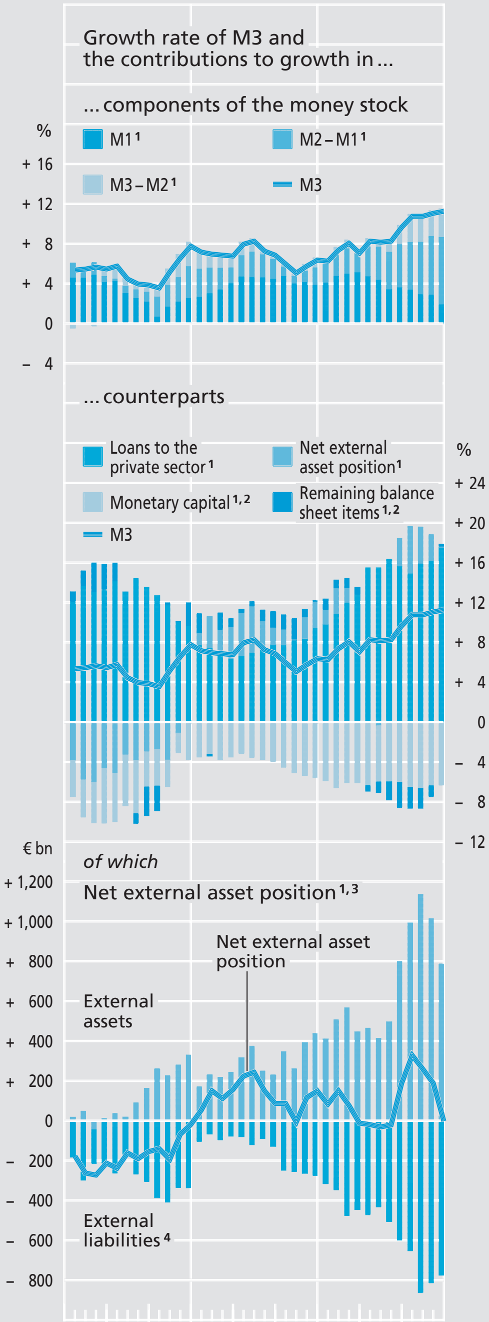
sion rate mainly shows that financial corporations did not expand their loan portfolios in the final quarter as much as in the fourth quarters of previous years. In addition, borrowing by households also decreased. The quantitatively important housing loans, in particular, were recently much less in demand than in the same period of the previous year. This continued a trend that had already been observable for around one and a half years. Not only the steadily rising housing interest rates in this period but also the cooling of the property boom in some countries of the monetary union are likely to have had a dampening impact in this case. Consumer loans also clearly lost momentum in this time. By contrast, unsecuritised lending to non-financial corporations shows no declining trends so far. Most recently, these loans from domestic banks expanded at a 12-month rate of 14.4%. At the same time, the banks participating in the Bank Lending Survey for the euro area reported a further tightening of the credit standards for enterprises, which also applies particularly to loans that are raised for the purpose of corporate mergers and acquisitions. Together with the increased bank interest rates, this is likely to dampen the expansion of corporate loans.

... while banks make large securities acquisitions

In the last quarter of 2007 and in seasonally adjusted terms, banks acquired a much larger amount of securities issued by the private sector in the euro area than in the previous quarter. These holdings of securities increased at a seasonally adjusted and annualised rate of almost 38½%, compared with 14½% in the third quarter. In addition to large securitisa-

Components and counterparts of the money stock in the euro area

Seasonally adjusted, quarterly



1 Calculated from the changes cumulated over 12 months. — 2 Taken in isolation, an increase curbs M3 growth. — 3 Not seasonally adjusted. — 4 Increase: –.

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tion transactions and acquisitions of paper from the balance sheets of affiliated financial institutions outside of the banking sector, however, these figures also reflect special effects in connection with the financing of the acquisition of a large European bank by an international bank syndicate. In seasonally adjusted terms, banks also acquired euro-area government securities. However, this was partly accompanied by repayments of government loans.

Marked rise in longer-term investment at banks

The monetary capital formation at banks in the euro area accelerated again in the fourth quarter, following a comparatively moderate increase in the third quarter. Recently, however, the sharp rise in banks' equity and reserves, which are counted as monetary capital, made a major contribution to this acceleration. In addition to an extensive equity injection for the partial financing of the acquisition of a large bank in the euro area as well as the partially quite high profits of credit institutions, many European banks probably augmented their reserves in order to be better protected against possible consequences of the credit market turmoil. Moreover, domestic non-banks also topped up their long-term time deposits significantly. On balance, however, these were simply a reflection of the activities of other financial intermediaries and were mainly associated with securitisation transactions. By contrast, the outstanding volume of long-term bank debt securities in the reporting quarter decreased by 1½% in seasonally adjusted and annualised terms. In view of the financial market turmoil and the flattening of the yield curve in the period under review, the willingness of investors outside the European banking sector to acquire long-term bank debt securities evidently was low. In addition to Germany and Spain, this also concerns Ireland, where the volume of such paper outstanding in the final quarter of the year showed an unusually strong decline.

Significant decrease in banks' net external asset position

Euro-area banks recorded another generally strong outflow of funds in the foreign payments of non-banks domiciled in the euro area. This caused the net external asset position of banks vis-à-vis non-residents to decline again in the fourth quarter. In contrast to the development in 2006 and at the start of 2007, monetary developments were rather dampened by this in recent months in seasonally adjusted terms.

Monetary analysis indicates increased longer-term inflation risks

In spite of the slight weakening in the fourth quarter, the strong monetary and credit growth still gives cause for stability policy concerns. The inflation forecasts carried out using monetary data, in any case, indicate that the inflation risks rose further in the fourth quarter. In this context, however, the financial market turmoil is likely to have encouraged non-banks to hold money. Moreover, the downturn in loans to households constitutes an appropriate development from a monetary policy perspective, as this reduces the need for monetary policy action. However, the likewise desired dampening of the loan dynamics among non-financial corporations is not yet observable. The declining trends in the other euro-area countries were more than offset by accelerated lending to enterprises in Germany.

Lending and deposits of monetary financial institutions (MFIs) in Germany *

€ billion

Item	2007 Oct to Dec	2006 Oct to Dec
Deposits of domestic non-MFIs 1		
Overnight	+ 1.5	+ 23.6
With agreed maturities		
of up to 2 years	+ 71.8	+ 30.1
of over 2 years	+ 3.3	+ 5.7
Redeemable at agreed notice		
of up to 3 months	− 2.5	− 7.9
of over 3 months	+ 3.1	+ 6.7
Lending		
to domestic enterprises and households		
Unsecuritised	+ 12.5	− 33.4
Securitised	− 1.4	+ 3.8
to domestic government		
Unsecuritised	− 5.3	+ 2.4
Securitised	− 6.9	− 3.6

* As well as banks (including building and loan associations, but excluding the Bundesbank), monetary financial institutions (MFIs) here also include money market funds; see also Table IV.1 in the Statistical Section of the Monthly Report. — 1 Enterprises, households and government excluding central government.

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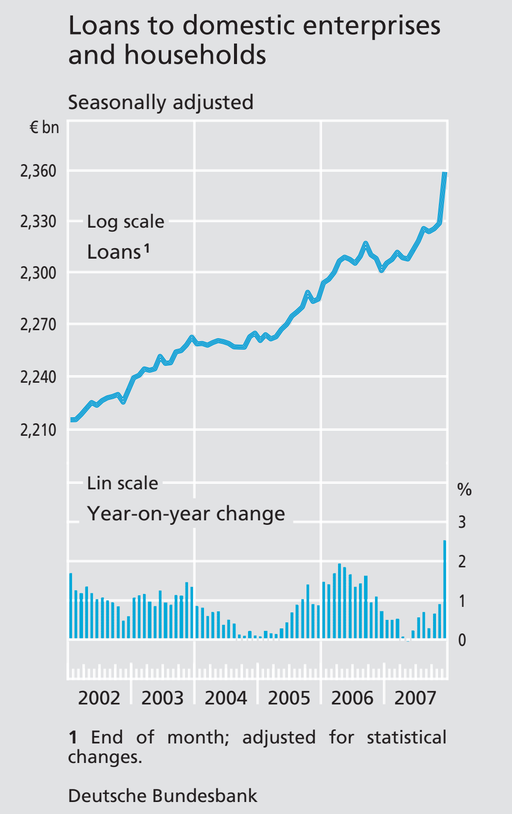
Deposit and lending business of German banks with domestic customers

Further sharp rise in short-term bank deposits

As in the rest of the euro area, the strong growth of bank deposits in Germany continued in the fourth quarter. In this context, it was mainly short-term deposits of domestic non-banks that increased again. In the reporting period, they increased very strongly, at 12%, in seasonally adjusted and annualised terms. On balance, however, domestic investors exclusively set up short-term time deposits (with an agreed maturity of up to two years), which are traditionally remunerated close to market rates and thus also benefited in the fourth quarter from the continued rise of money market rates. On average, banks increased their rates in this area of their deposit business in the final quarter of 2007 by al-



most ¼ percentage point. Short-term time deposits were especially in demand by households. As in the previous quarter, this caused shifts at the expense of short-term savings deposits, which had already been on a steady decline since the end of 2005, as well as a clear reluctance to acquiring long-term securities. Furthermore, however, other financial intermediaries also noticeably topped up their short-term time deposits.

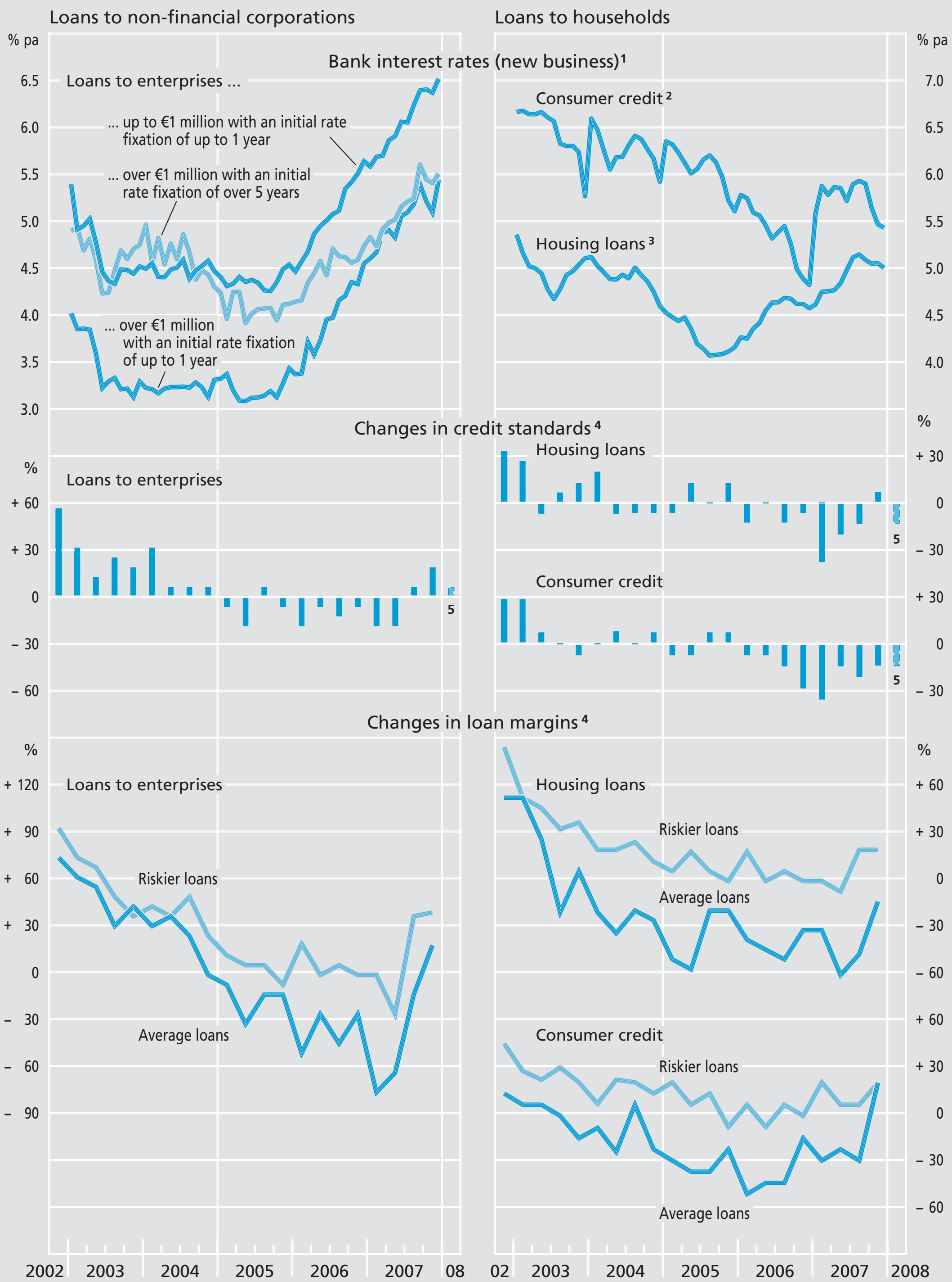
Longer-term bank deposits also in demand

Longer-term time and savings deposits were also augmented further by domestic investors in the final quarter of the past year, although their most recent rise was weaker than in previous quarters. Households, for example, set up longer-term time and savings deposits to a much lesser degree than in the third quarter. Moreover, the other financial intermediaries made greater reductions in their deposits with a maturity of over two years than they usually do in the fourth quarter. However, this was accompanied by a marked increase of longer-term time deposits by general government.

Strong rise in lending to private sector …

German banks' provision of funds to domestic customers increased comparatively strongly in the reporting period. It is true that banks once again noticeably reduced their holdings of securities from public and private issuers in Germany and that the loans of institutions to domestic general government declined in the fourth quarter at a seasonally adjusted and annualised rate of 10½%. However, this was accompanied by a strong seasonally adjusted and annualised growth of almost 6½% in unsecuritised loans to the domestic private non-bank sector. On balance, however, only enterprises (both financial and non-financial corporations) raised additional funds. The sharp seasonally adjusted rise in loans to financial intermediaries outside of the banking sector is likely to have been due mainly to the fact that the usual seasonal decline of reverse repurchase loans by domestic banks was significantly lower than in the previous two years. In general, the reverse repurchase agreements reflect domestic banks' security-backed provision of funds to other market players (mostly other domestic banks, but also foreign institutions as well as the German Finance Agency). This provision of funds is conducted via an electronic trading platform provided by a domestic custodian in its function as the central counterparty. Such transactions are traditionally reduced significantly towards the end of a year. However, liquidity

Banking conditions in Germany



1 According to harmonised MFI interest rate statistics. — 2 With an initial rate fixation of over 1 year and up to 5 years. — 3 With an initial rate fixation of over 5 years and up to 10 years. — 4 According to Bank Lending Survey; percentage difference between the numbers of respondents reporting “tightened considerably” and “tightened somewhat” and the numbers of respondents reporting “eased somewhat” and “eased considerably”. — 5 Expectations for 2008 Q1.

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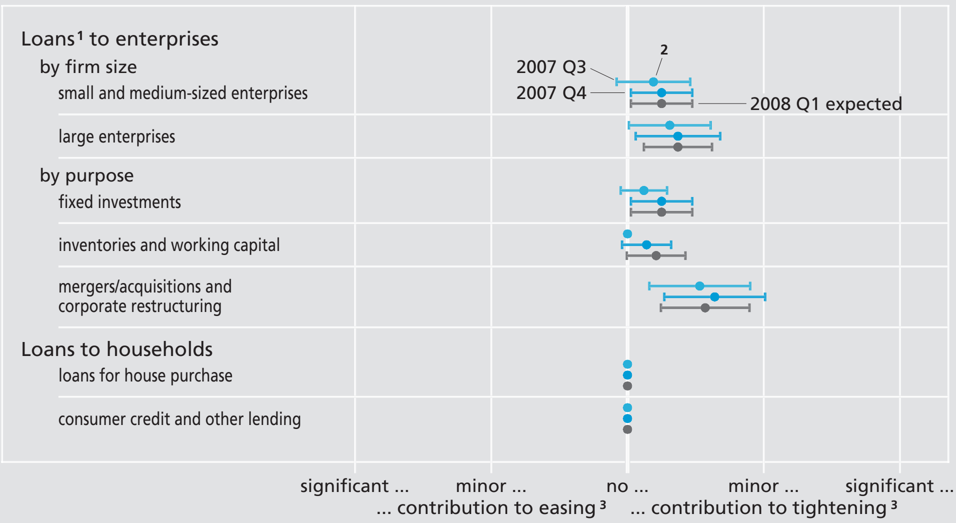
Impact of financial market turmoil on German banks' lending policy *

The bank lending survey for the third and fourth quarters of 2007 included additional questions on the impact of financial market developments on the participating banks' lending policy. This was aimed at obtaining more detailed information on whether the turmoil on the money and credit markets has had an impact on banks' credit supply, and if so through what transmission channels. In principle, the financial market turmoil could impact banks' credit supply by changing their risk perception, by rendering refinancing more difficult and/or because it results in capital restrictions (for instance as subprime loans are transferred to banks' own balance sheets).

According to the German institutions surveyed, financial market developments had virtually no impact on banks' credit business with households, whereas slightly tighter lending standards were applied to enterprises.

In fact, banks' changed risk perception had the greatest impact on credit standards in their transactions with large enterprises, especially in the financing of corporate mergers and acquisitions. The surveyed institutions reported – in varying degrees – more difficult refinancing conditions on the money and capital markets. This had an impact both on credit volume and margins in the credit business. However, one has to bear in mind that this tightening was preceded by a long period in which credit standards were repeatedly eased. In addition, low starting levels put banks' efforts at achieving higher interest margins into perspective. The impact of payment obligations in connection with conduits and as a result of potential capital restrictions is seen as limited by the institutions.

Effects of financial market turbulence on credit standards*



* Selected results of the quarterly survey on German banks' lending business. Full survey results can be viewed at www.bundesbank.de/volkswirtschaft/vo_veroeffentlichungen.en.php. — **1** Including credit lines. — **2** • = mean; ⊢⊣ = the range shown includes one standard deviation. — **3** Means and standard deviations are calculated on the basis of the following quantification: contributed considerably to tightening of credit standards = 1; contributed somewhat to tightening of credit standards = 2; has basically no impact on credit standards = 3; contributed somewhat to easing of credit standards = 4; contributed considerably to easing of credit standards = 5.

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provisioning in this way is likely to have played a greater role than usual owing to the prevailing fear on the market at that time that there might be even greater tensions in the money market at the turn of 2007-2008 as a result of the financial market turmoil.

... with counteracting developments for non-financial corporations and households

Furthermore, non-financial corporations also borrowed heavily from domestic banks in the reporting quarter. This essentially confirmed a trend which had already started in earlier quarters and which reflects the strong investment activity of enterprises. There was a particularly strong rise in the demand of enterprises for short-term bank loans towards the end of the year. In this case, more difficult terms of issue on the commercial paper market may have played just as much a role as expiring depreciation allowances and the expectation of future borrowing options at lower rates. By contrast, households recently curtailed their borrowing from German banks. Housing loans, for example, were significantly reduced. In view of the current weakness in housing construction and the associated downturn in new borrowing, loan repayments are now likely to have a greater effect on the housing loans reported in the banks' balance sheets than in previous years. Moreover, non-housing loans to households also declined further.

German banks' lending policy somewhat more subdued in final quarter

According to the results of the Bank Lending Survey, banks had somewhat stricter credit standards in their lending business, especially for corporate customers, in the fourth quarter of 2007, whereas, in previous years, relaxations of lending conditions could mostly be observed. For example, the credit standards for enterprises increased slightly overall for all maturities and size categories. According to the institutions, this was due mainly to their increased refinancing costs on the money and capital markets and their somewhat deteriorated liquidity position. Against this background, the banks surveyed also increased their margins for the first time in three years not only for riskier corporate loans but also for average corporate loans. Margins also widened discernibly for consumer loans, while the margins for housing loans were generally still under pressure. According to these figures, German banks as a whole tightened their credit supply policy less than was reported for the rest of the euro area in the fourth quarter.

Lending rates vary while remuneration for deposits rises

In accordance with the market trend, lending rates in the final quarter differed depending on the interest rate fixation period: while short-term loans became more expensive for the most part, the conditions for longer-term provisions of funds eased. Thus, at the end of the period under review, the reporting institutions were demanding between 5.5% and 6.5% for short-term corporate loans and between 5.4% and 5.5% for long-term corporate loans, depending on the size of the loan. In the area of private housing loans, the conditions for loans with an interest rate fixation period of over ten years were 5.0% at the end of the period under review, compared with 5.1% in September. In the deposit business, by contrast, German banks reported a slight increase of remunerations. In this case, the focus was on short-term time deposits.