

# **Bank office report 2022**

## Development of the bank office network in 2022

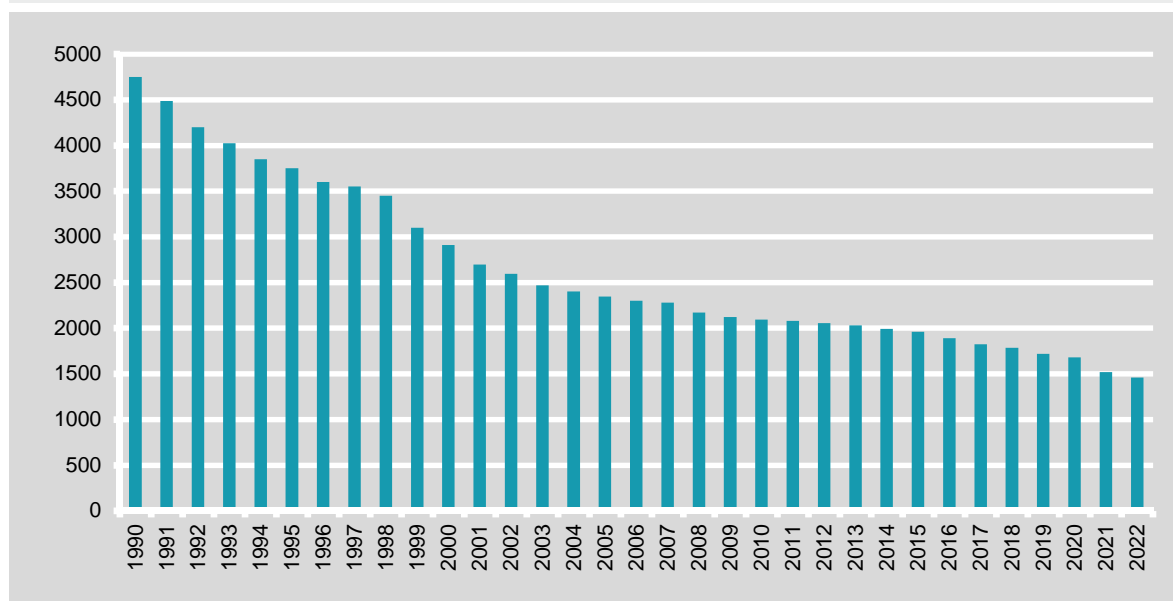
## Development of the bank office network in 2022

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

The consolidation in the German banking sector, which has been ongoing for many years, continued at a slower pace in 2022 compared with the significant reduction in the bank office network in 2021 that was largely shaped by special factors (Brexit, Investment Institutions Act (*Wertpapierinstitutsgesetz*)).

The **total number of credit institutions**<sup>1</sup> in Germany (including legally dependent building and loan associations) fell by 61 throughout the year, from 1,519 to 1,458 institutions (total numbers for comparison: 2020: 1,679 institutions; 2017: 1,823 institutions; 2012: 2,053 institutions). While the consolidation process was moderate, especially as of 2008, it gradually picked up the pace again as of 2016. 2021 saw a much larger reduction of around 160 institutions owing to special factors (the entry into force of Brexit on 1 January 2021 led to no fewer than 43 branches of UK institutions losing their EU passport, and the introduction of the Investment Institutions Act on 26 June 2021 led to 71 erstwhile securities trading firms and branches of foreign securities trading firms losing their status as credit institutions).

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



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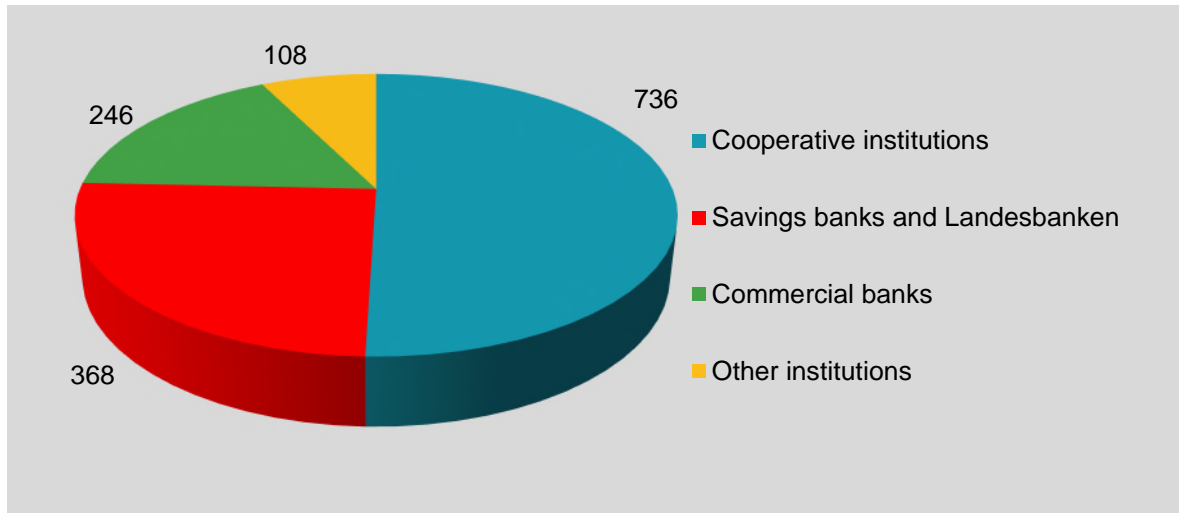
In the reporting year, there were 66 exits versus only five entries. The exits comprised 55 mergers (previous year: 54 – mainly in the cooperative sector), 7 cases where licences were

<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 under 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.

relinquished and 4 cases where licences were revoked. There were no insolvencies in the German banking industry in 2022.

### Sectoral distribution and distribution by individual category of banks

**Number of credit institutions (total as at 31 December 2022: 1,458 institutions)**



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In terms of the individual categories of banks, the largest decrease – totalling 36 institutions – was in the credit cooperatives sector.

On balance, the number of commercial banks fell by 15 from 261 to 246 institutions (2021: 105 exits, mainly due to the aforementioned special factors; 2020: 8 exits; 2019: 24 exits; 2018: 8 entries). This group comprised 3 big banks (unchanged), 141 regional banks and other commercial banks (2021: 151, 2020: 182) as well as 102 branches of foreign banks (2021: 107, 2020: 181).

In the case of regional banks and other commercial banks, the 11 exits comprised 5 mergers, 4 cases of licences being relinquished and 2 cases of licences being revoked, which were offset by just 1 start-up.

The number of foreign bank branches fell by 5 in net terms, with 3 new entrants (1 branch of a Liechtenstein institution, 1 new branch of an Italian bank, and 1 new branch of an Austrian bank) and 8 exits (4 cross-border mergers, 2 cases of EU passports being relinquished, and 2 cases of licences being revoked).

The number of cooperative institutions declined by 36 banks, or 4.7%, during the course of the year, from 772 to 736 institutions. This contraction was thus smaller than in the previous year (2021: 47 institutions, or 5.7%; 2020: 26 institutions, or 3.1%, 2019: 34 institutions, or 3.9%;

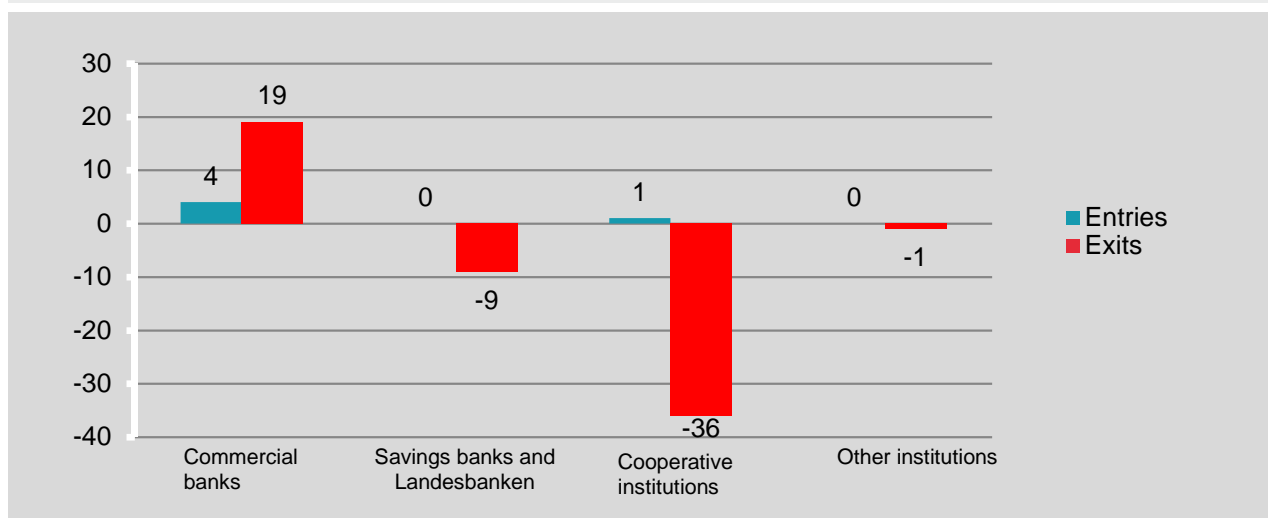
2018: 40 institutions, or 4.4%). This shows the volatility of these figures. The departure of 37 institutions in gross terms in 2022 was exclusively attributable to primary credit cooperatives, the number of which fell by 37 due to mergers, from 759 to 722 institutions. One bank that was no longer classified as a credit institution upon the entry into force of the Investment Institutions Act in 2021 was reclassified as a CRR credit institution after it exceeded a size threshold in 2022 and was again assigned to the sub-group “other credit institutions affiliated with the Federal Association of People’s Banks and Raiffeisen Banks” (Bundesverband der Deutschen Volksbanken und Raiffeisenbanken, or BVR).

In the savings bank category (Landesbanken and savings banks), there were 9 exits in 2022, all of which were due to mergers (2021: 6 exits; 2020: 3 exits; 2019: 6 exits; 2018: likewise 6 exits). As a result, there were 362 savings banks and 6 Landesbanken (unchanged) at the end of 2022 – 368 institutions in total.

In net terms, the total number of other banks fell by 1 to 108 institutions. At the end of 2022, these included 10 private building and loan associations and 8 public building and loan associations,<sup>2</sup> 19 specialised credit institutions, 47 housing enterprises with savings facilities, 1 central securities depository, and 15 guarantee banks (all unchanged). In addition, 8 mortgage banks (one fewer than the previous year due to one licence being relinquished) were also assigned to this category.

There were thus a total of 5 entries (previous year: 14) and a total of 66 exits (previous year: 174); these figures also include the reactivation of one “other institution” in the cooperative sector, which now again counts as a CRR credit institution. There were no relocations to another Federal state in 2022.

### Entries and exits of credit institutions in 2022



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<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.

## Regional distribution

**Bavaria**, the largest Federal state by area, is still home to the most credit institutions (312 banks in total), despite seeing 18 (previous year: 32) exits and only one entry – that of a branch of a Liechtenstein bank. The decline was due to mergers in the cooperative sector (11) and the savings bank sector (3), as well as 4 exits in the commercial bank category (3 cases of licences being relinquished by regional and other commercial banks and one case of a licence being revoked from an Austrian institution with a branch in Germany).

**North Rhine-Westphalia**, the most populous Federal state, ranked 2nd in terms of the number of banks, with 237 (previous year: 248) institutions, just ahead of Baden-Württemberg and well ahead of Hesse, which, after Bavaria, had been home to the highest number of institutions until 2020, yet saw a large number of exits owing to the aforementioned special factors in 2021. In North Rhine-Westphalia, there was a net decrease of 11 institutions in 2022 (as in the previous year; 2021: 1 entry and 12 exits). The reduction was due to mergers in the savings bank sector (5), in the cooperative sector (4) and two exits in the regional banks category (one merger, one case of a licence being relinquished). In the case of branches of foreign banks, one branch of an Austrian bank closed as a result of the merger with another Austrian institution, which opened a new branch in Düsseldorf.

**Baden-Württemberg** recorded one entry (as in previous year) and 8 (previous year: 17) exits. Seven (previous year: 13) exits were due to mergers of credit cooperatives. One regional bank transferred its business activities to a new branch of the acquiring bank located in another Federal state. At the end of 2022, there were a total of 234 banks in Baden-Württemberg (previous year: 241).

**Hesse** recorded 14 exits (previous year: 77, primarily due to the aforementioned special factors) and 2 entries (previous year: 4). The exits concerned regional banks and other commercial banks (with 5 exits in each category) as well as branches of foreign banks. Three credit cooperatives merged into other institutions. One mortgage bank ceased its business activities. A new regional bank was the only newly established institution. One former credit institution classified as an investment institution under the 2021 Investment Institutions Act was re-classified as a CRR credit institution after exceeding a size threshold in 2022 and was assigned again to the category of other institutions in the cooperative sector. The total number of institutions in Hesse thus stood at a low of 212 at the end of the year (previous year: 224).

In **Lower Saxony**, 3 exits (previous year: seven) were recorded, exclusively owing to mergers of credit cooperatives, which meant that 141 institutions were still located in this Federal state as at 31 December 2022.

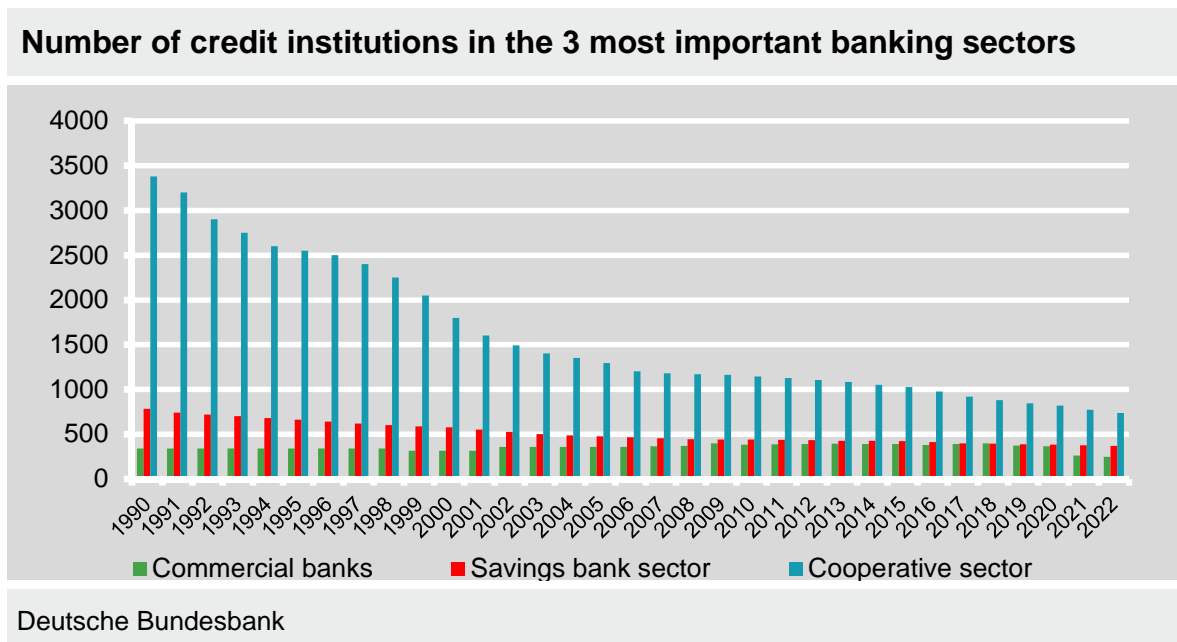
The **other Federal states** each have fewer than 100 resident banks. Rhineland-Palatinate had 67 institutions at the end of 2022 (-5), Schleswig-Holstein had 40 (-2), Saxony had 36 (unchanged), Hamburg had 35 (-1), Thuringia had 31 (-1), Saxony-Anhalt had 28 (unchanged),

Brandenburg had 26 (unchanged), Berlin had 21 (unchanged), Mecklenburg-West Pomerania and Saarland had 15 each (-1 in each case) and Bremen had 8 (unchanged).

Of the 66 exits recorded in the statistics (previous year: 174, mainly due to the aforementioned special factors), 55 were due to mergers (previous year: 54) – of which 6 were cross-border (2021: only one) – 7 were due to licences being relinquished (previous year: 4) and 4 were due to licences being revoked (previous year: 0). No insolvencies and no technical exits on account of reclassifications or head office relocations to other Federal states were registered in 2022.

### Overall development in the 3 most important banking sectors

The diagram below charts developments in Germany's 3 most important banking sectors by number of institutions since 1990. With 736 banks and a share of 50.5% (previous year: 772 banks = 50.8%), the cooperative sector remained the largest category of banks by number of institutions. The savings bank sector follows by a relatively wide margin, with 368 institutions and a share of 25.2% (previous year: 24.8%), compared with 377 institutions at the end of 2021. The 246 commercial banks accounted for a share of only 16.9% (by comparison, end of 2021: 261 institutions = 17.2%). The 108 (previous year: 109) other banks (= 7.4%) are not considered in this comparison.



In 1992, there were still 2,915 cooperative banks and 730 institutions in the savings bank sector, but only 334 commercial banks. Twenty years ago, 1,492 credit cooperatives including central institutions, 532 savings banks including Landesbanken and 355 commercial banks were recorded in Germany. Consolidation progressed at a steady pace up to 2006. Ten years ago, 1,106 credit cooperatives, 432 savings banks and 390 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 UK institutions. In 2020, the number of mergers in the cooperative and savings bank sectors declined significantly – possibly as a result of the COVID-19 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 led to a significant decline in the number of banks. 2022, a year without special factors, saw significantly fewer exits, but also hardly any entries of new institutions. As a result, the number of commercial banks has now fallen even more sharply over a 10-year benchmark period than the general trend in the sector, having virtually halved to 246 institutions since 2012 (down by 244). In 2021 alone there were 105 exits due to the aforementioned special factors.

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

The total number of branches in Germany, in turn, went down by 5.8% in 2022 (previous year: 9.9%), but much less than in the previous year. In 2019 and 2020, the number of branches decreased by 4.4% and 9.6%, respectively. Here, too, there is a high degree of volatility.

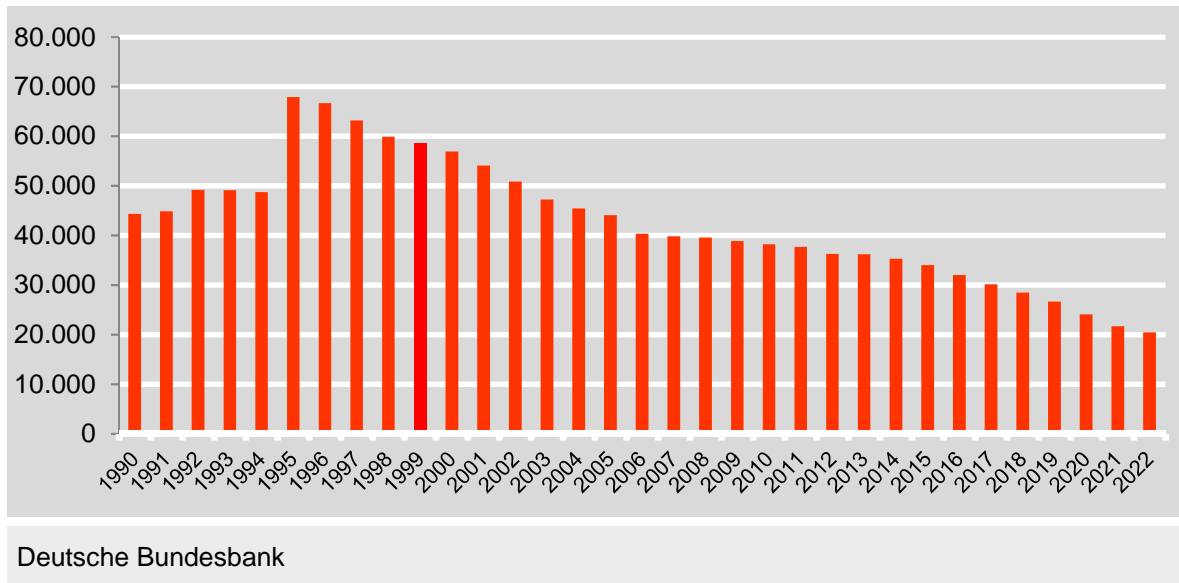
While 21,712 branches were registered at the end of 2021, this number dropped by 1,266 over the course of 2022 (previous year: 2,388) to 20,446 branches. This development once again reflects the impact of digitalisation on distribution channels due to greater use of online services as well as cost-cutting measures undertaken in a challenging competitive environment.

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 55,136 ATMs were operated by banks and payment settlement providers in Germany as at the end of 2021. Furthermore, according to the German Banking Industry survey, there were 1,242,946 payment terminals or points of sale (POS) in Germany at the end of 2022.

In the second half of 2022, the total number of ATMs in the euro area decreased by 2.8% to 262,066, according to the press release of the European Central Bank of 9 November 2023. Of these, 27% accepted contactless transactions.

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



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 50,868 branches at that time (including 12,667 branches of the now defunct Deutsche Postbank AG). The decline was significant in the years up to 2006, in particular, and has been intensifying again since 2015. All in all, the years since 2002 have seen the branch network of German big banks alone (including branches of the now defunct Postbank) shed over 11,200 branches, leaving them at just over one-quarter of their 2001 level, while the savings bank sector lost more than 8,700 branches, leaving them at a little over 46% of their 2001 level, and the credit cooperative sector lost over 7,000 branches, leaving them at around one-half of their 2001 level.

### Sectoral distribution of branches

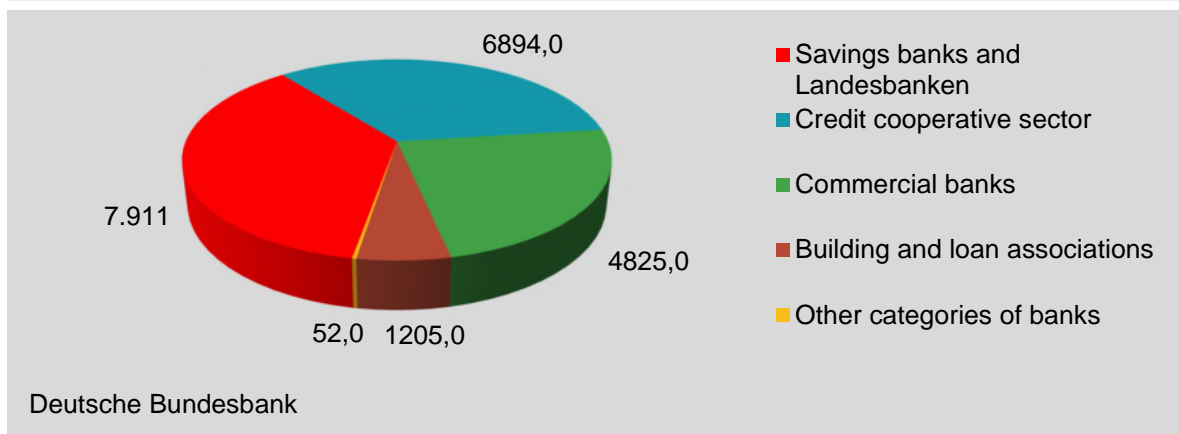
The ongoing trend of downsizing branch networks is affecting every category of banks. Savings banks and Landesbanken closed 441 branches in 2022 (-5.6%; previous year: -617, or -7.2%), leaving 7,470 branches at the end of 2022. However, with a share of 36.5%, this sector still has the largest number of domestic branches. In the cooperative sector, 416 branches were closed in 2022 (= -5.7%; previous year: -468 = -6.0%). At the end of 2022, a total of 6,894 branches thus remained, corresponding to an unchanged share of 33.7% of all domestic branches. In 2022, commercial banks reduced the number of their branches by much less than in the previous year (by only 374 = -7.2%; previous year -1,279 = -19.7%) to 4,825. This represents an overall share of 23.6%, compared with 23.9% at the end of 2021 and 26.8% at the end of 2020. This downsizing is itself almost entirely attributable to German big banks reducing their network of domestic branches by 318 (previous year: 1,109). This mainly comprised just under 200 closures of former partner branches of the now defunct Deutsche Postbank AG and Deutsche Post AG, which conducted banking business for Deutsche Bank AG. As part of its multi-year streamlining programme, Commerzbank AG closed just over one-



sixth of its domestic branches in 2022 and still officially reported having exactly 500 domestic branches at the end of 2022. With 3,719 branches (previous year: 4,037), big banks still account for the largest share of all commercial bank branches. The branch network of regional banks and other commercial banks also lost fewer branches than in previous years – it lost 59, leaving 954 (or -5.8%; previous year: -148, or -12.7%). Foreign banks operated 152 branches (+3).

Building and loan associations likewise reduced their branch network to a comparatively moderate extent overall, with a fall of 18 to 762 branches in the private sector and of 16 to 443 branches in the public sector. The number of branches operated by other categories of banks stands at 52 (-1); these comprise 31 branches of mortgage banks (-1), 7 branches of special purpose banks (+1) and 14 branches of housing enterprises with savings facilities (-1).

### Number of branches (total as at 31 December 2022: 20,446)



### 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 2022 reporting period, the number of bank offices, i.e. all legally independent credit institutions (head offices) including their branches, decreased significantly but to a lesser extent than in the previous year, which was shaped by special factors (Brexit, Investment Institutions Act), shrinking by a total of only 1,327 (previous year: 2,548) offices from 23,231 to 21,904. This represents a drop of 5.7% (previous year: 9.9%). The bank office network has thus been thinned out by around 42.9% over the last ten years. Compared with the end of 2002, the number of bank offices has dropped by 31,557, or nearly two-fifths (-59.0%).

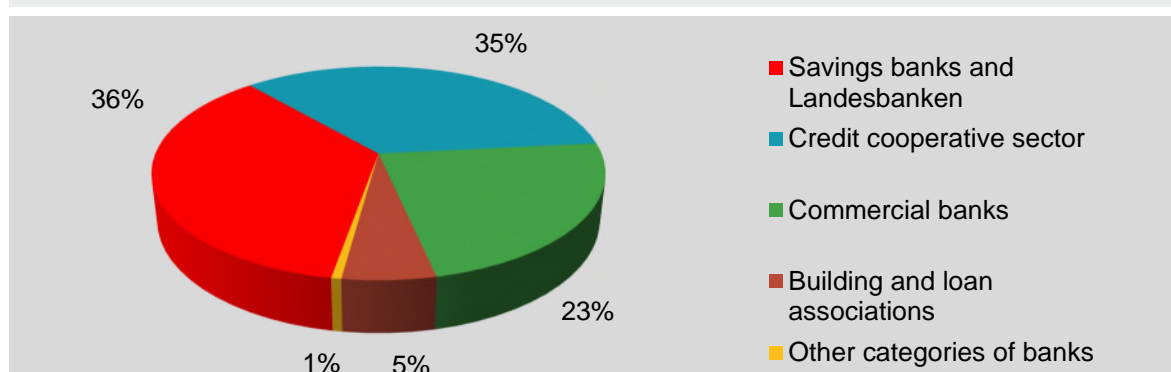
### Year-on-year change in the number of bank offices in Germany:

Category of banks	31 Dec. 2021	31 Dec. 2022	Absolute change	%
Savings bank sector	8,288	7,838	- 450	- 5.4
Cooperative sector	8,082	7,630	- 452	- 5.6
Commercial banks	5,460	5,071	- 389	- 7.1
(of which: big banks)	(4,040)	(3,722)	(- 318)	(- 7.9)
Building and loan associations	1,257	1,223	- 34	- 2.7
Other banks	144	142	-2	-1.4
<b>Total</b>	<b>23,231</b>	<b>21,904</b>	<b>- 1,327</b>	<b>- 5.7</b>

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 7,838 bank offices, including 368 head offices. The credit cooperatives follow close behind, with 7,630 bank offices, including 736 head offices. As at 31 December 2022, the commercial bank sector operated 5,071 bank offices, including 246 head offices, representing a reduction of just under 7% compared with the end of 2021 (5,360). Building and loan associations come fourth, with 1,223 bank offices, including 18 head offices. Other categories of banks reported 142 bank offices as at 31 December 2022, of which 90 were head offices.

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

**Bank offices in Germany as at 31 December 2022**



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### Bank office density

The bank office density denotes the average population served by a bank office; an increasing value reflects a greater population per bank office. With 21,904 bank offices and a population of around 84.4 million<sup>3</sup> in Germany, the resulting **bank office density** for the 2022 reporting

<sup>3</sup> Statistisches Bundesamt: *Bevölkerungsstand - Fortschreibung auf Grundlage des Zensus 2011 - Deutschland* (accessed on 5 July 2023), as at 31 December 2022.

year was approximately 3,853 (previous year: 3,581). Five years ago, the bank office density was 2,589 (10-year comparison: 2,100; 20-year comparison: 2,023; 1990: 1,433 – in each case including Deutsche Postbank AG).<sup>3</sup> This puts Germany around the middle of the international density rankings – countries such as Estonia and the Netherlands have a much thinner branch network, while branch density in countries such as France, Spain and Italy is significantly greater.

#### **IV Branches abroad (see Annex 3)**

The multi-year downward trend in German credit institutions' foreign presence continued at a slow pace in the year under review. The number of foreign subsidiaries of German banks declined slightly to 77 (-2 – see point V), while the number of foreign branches of German credit institutions also recorded a small decrease of 4 to 251 (= -1.6%; previous year: -18 = -6.6%).

This sharp reduction in the number of foreign branches of German credit institutions is linked to the entry into force of the Investment Institutions Act in 2021 and the loss of former securities trading banks' status as credit institutions. This reduced the number of foreign branches of these former banks by 21 alone in 2021. Excluding this special factor, there were 11 newly opened branches, mainly in EU Member States, as against 15 branch closures. The commercial bank sector comprises by far the greatest number of foreign branches (211; previous year: 216). The decline in the number of branches of big banks abroad by 4 to 88 was the main reason for this reduction. By contrast, the number of regional bank and other commercial bank branches remained almost constant, at 123 (previous year: 124). The number of branches of Landesbanken rose by 1, to 22. Savings banks (excluding Landesbanken) have no longer reported any foreign branches since 2016. In the cooperative sector, the number is unchanged at only 8, with the figure including the 4 branches of the DZ BANK regional institution of credit cooperatives. The figures remained constant for mortgage banks (6 foreign branches) and for other institutions (4 foreign branches).

Geographically speaking, credit institutions' foreign branches are still concentrated mainly in Europe. Of the 251 branches in total, almost three-quarters (73.7%) are domiciled in Europe, with 158 (previous year: 160 – excluding 19 (previous year: 25) branches of UK banks) of the 185 (previous year: 189) European branches situated within the European Union alone and, of these, an unchanged figure of 131 located in euro area countries. At the end of 2022, the year after Brexit entered into force, France remained the primary foreign location for German institutions, with 25 branches (previous year: 27), closely followed by Italy with an unchanged figure of 24 foreign branches. Additionally, there are 18 branches of German banks in Spain (-

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Links: [https://www.destatis.de/EN/Themes/Society-Environment/Population/Current-Population/\\_node.html](https://www.destatis.de/EN/Themes/Society-Environment/Population/Current-Population/_node.html) and [https://www.destatis.de/EN/Press/2023/06/PE23\\_235\\_12411.html](https://www.destatis.de/EN/Press/2023/06/PE23_235_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 uses current figures (latest preliminary estimate as at 31 December 2022).

1), 16 in Luxembourg (+2), 15 in the Netherlands (-1), 12 in Sweden (+2) and 9 in Austria (-2). German banks still have 19 (previous year: 22) branches in the United Kingdom, which has not been categorised as part of the EU since Brexit entered into force on 1 January 2021.

Asia, too, continues to play an important role in the foreign activities of German credit institutions. Here, the number of branches rose slightly, to 50 (+1). The bulk of these bank offices belong to big banks (unchanged at 41 branches = 82%; previous year: 84%). The number of foreign branches in the Americas fell slightly by 1 to 12 (of which 10 (previous year: 11) are located in the USA and Canada). The German banking industry is represented in Australia and New Zealand by three foreign branches (unchanged). There is only 1 branch in Africa.

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

As at 31 December 2022, German credit institutions reported 77 subsidiaries – institutions in which they hold a participating interest of more than 50% – domiciled abroad. Compared with 2021, this represents a decrease of 2 institutions, or 2.5% (previous year: -2 institutions, or 4.8%). There were still 428 subsidiaries at the end of 2007, prior to the financial crisis.

Within the commercial banks category, the number of majority stakes held by the big banks fell by 2 institutions to 60. Among regional banks, this figure remained at 8 foreign subsidiaries. In the savings bank sector, only Landesbanken still operate 3 subsidiaries (unchanged). Savings banks have no longer maintained any foreign subsidiaries since 2020.

The number of foreign subsidiaries owned by the DZ BANK regional institution of credit cooperatives remains at 4. In terms of subsidiaries, German primary credit cooperatives have no longer had any foreign presence since 2015. Mortgage banks also no longer have any foreign subsidiaries. By contrast, special purpose banks and building and loan associations each hold 1 majority stake abroad.

Geographically speaking – as is also the case with the foreign branches – foreign activity remains focused on other European countries, with 38 subsidiaries (previous year: 37). Of these, 24 subsidiaries (previous year: 23) are situated in EU Member States, of which 9 (+1) are in Luxembourg alone. In the year following the legally effective implementation of Brexit, 5 subsidiaries were still located in the United Kingdom.

German credit institutions operate 20 (previous year: 22) foreign subsidiaries in the Americas. Of these, 12 (previous year: 13) are in the United States. With 20 participating interests (previous year: 20), the vast majority of foreign subsidiaries in the Americas are owned by big banks (12 (previous year: 13) of which are in the United States, an unchanged 3 in the Caribbean and 3 (-1) in South America).

An unchanged figure of 11 subsidiaries of German banks are domiciled in Asia (of which 9 are subsidiaries of big banks alone) and an unchanged 9 in Australia or New Zealand (exclusively

subsidiaries of big banks). German banks have no longer operated any subsidiaries in African countries since 2018.

Annexes:

[Bank office statistics 2022](#)

[Brief overview of changes in bank office statistics in 2022](#)