

Bank office report 2023

Development of the bank office network in 2023

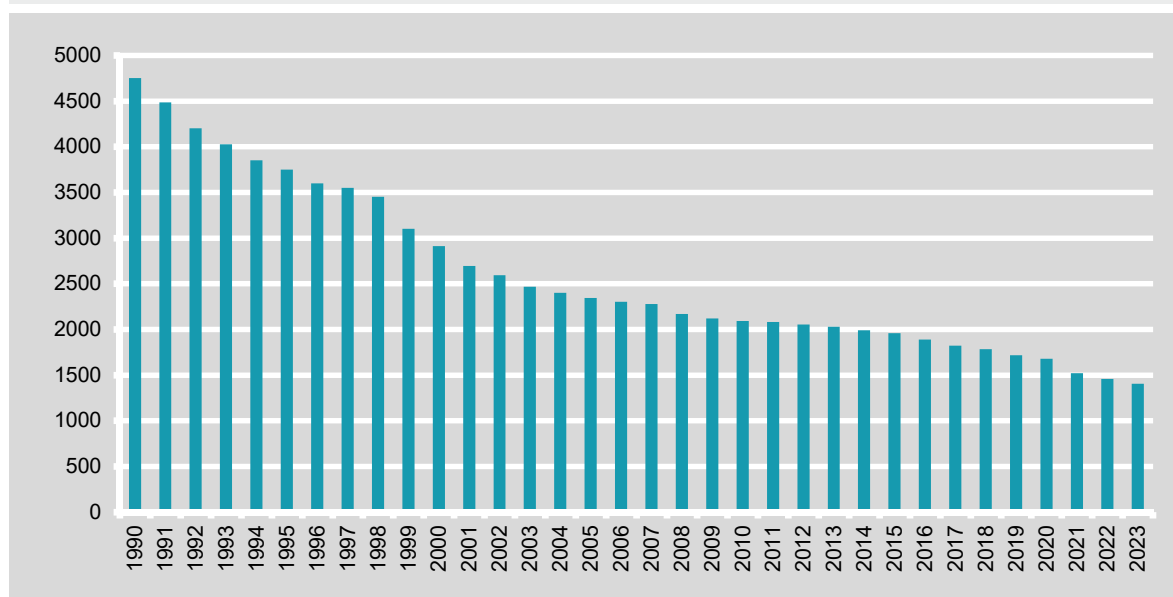
Development of the bank office network in 2023

I Number of credit institutions (see Annex 1)

The consolidation process in the German banking sector, which has been in progress for many years now, continued in 2023 – albeit at a somewhat slower pace than in previous years.

The **total number of credit institutions**¹ in Germany (including legally dependent building and loan associations) fell by a net figure of 55 throughout the year, from 1,458 to 1,403 institutions (total numbers for comparison: 2021: 1,519 institutions; 2016: 1,888 institutions; 2011: 2,080 institutions). While the consolidation process had been subdued, especially as of 2008, it has tended to pick up pace again since 2016 – partly due to idiosyncratic factors: the coronavirus crisis, the entry into force of Brexit and the introduction of the Investment Institutions Act (*Wertpapierinstitutsgesetz*).

Developments in the total number of credit institutions



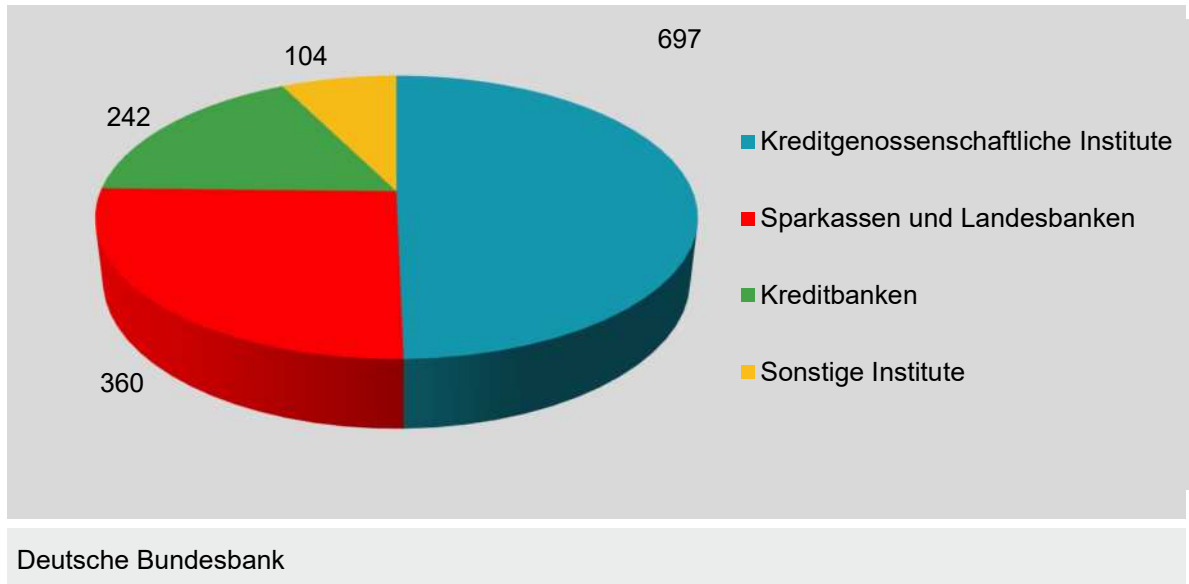
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In the reporting year, there were 63 exits versus 8 entries. The exits comprised 52 mergers (previous year: 55 – mainly in the cooperative sector), 8 cases where licences were relinquished and 2 cases where licences were revoked, plus 1 insolvency.

¹ The bank office statistics and bank office report cover 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.

Distribution by sector and by individual category of bank

Number of credit institutions (total as at 31 December 2023: 1,403 institutions)



In terms of the individual categories of banks, the largest decrease – totalling 39 institutions – was in the credit cooperatives sector.

On balance, the number of commercial banks fell by 4 from 246 to 242 institutions (2022: 15 exits; 2021: 105 exits, mainly due to Brexit and the Investment Institutions Act as mentioned above; 2020: 8 exits; 2019: 24 exits). This group comprised 3 big banks (unchanged), 137 regional banks and other commercial banks (2022: 141, 2021: 151, 2020: 182) as well as 102 branches of foreign banks (2022: same, 2021: 107, 2020: 181).

In the case of regional banks and other commercial banks, there were 3 entries (one Swiss institution relocated its Luxembourg subsidiary to Germany, one Australian bank set up a subsidiary in Germany and one investment institution was granted a full banking licence), and 7 exits comprising 3 mergers – two of which were cross-border – 3 cases of licences being relinquished and 1 insolvency.

The number of branches of foreign banks remained unchanged, with 4 new entrants (one branch of a Czech institution plus a restructured US bank, a French bank and a Taiwanese bank each adding one new branch) and 4 exits (two branches of US institutions relinquishing licences, a cross-border merger of the headquarters of a Luxembourg bank, and one EU passport being relinquished by a Hungarian branch).

The number of cooperative institutions declined by 39 banks, or 5.3%, during the course of the year, dropping from 736 to 697 institutions. This was a somewhat greater decline than in the previous year (2022: 36 institutions, or 4.7%), but smaller than in 2021 (47 institutions, or

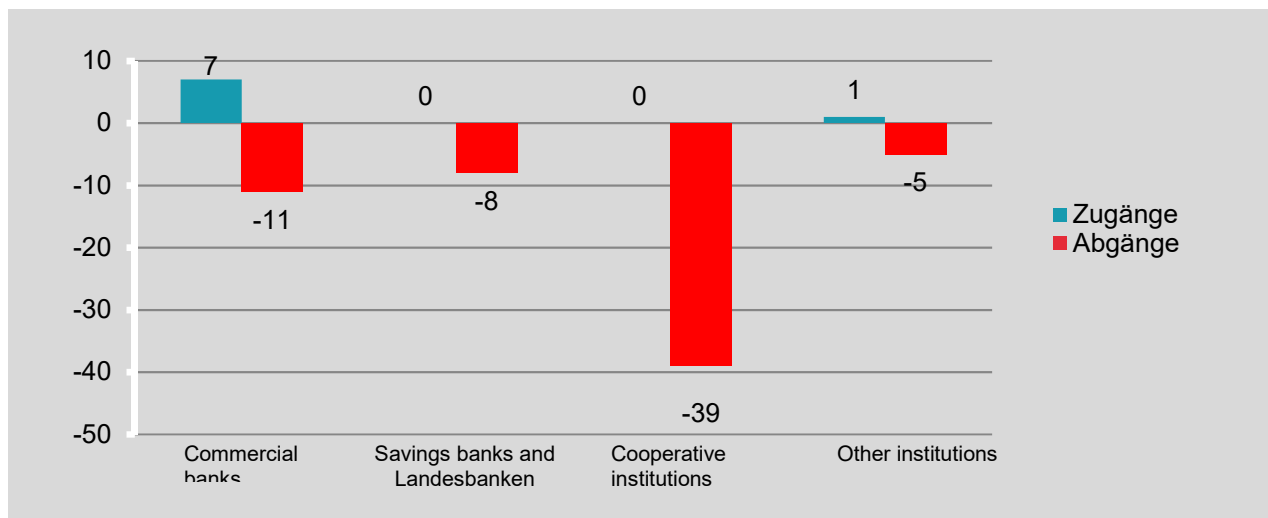
5.7%). This shows the volatility of these figures. The contraction in 2023 was exclusively attributable to primary credit cooperatives, the number of which fell by 39 due to mergers, from 722 to 683 institutions. This category includes DZ-BANK, the only central institution of credit cooperatives, as well as an unchanged 13 other institutions affiliated with the National Association of German Cooperative Banks.

In the savings bank category (Landesbanken and savings banks), there were 8 exits exclusively due to mergers in 2023 (2022: 9 exits; 2021: 6 exits; 2020: 3 exits). As a result, there were 354 savings banks and 6 Landesbanken (unchanged) at the end of 2023 – 360 institutions in total.

In net terms, the total number of other banks fell by 4 to 104 institutions. At the end of 2023, these included 9 private building and loan associations (-1 due to a licence being relinquished) and only 5 public building and loan associations² due to consolidation (-3), 20 specialised credit institutions (+1 due to a new promotional bank of an eastern German federal state) and – unchanged in each case – 47 housing enterprises with saving facilities, 1 central securities depository and 15 guarantee banks. In addition, 7 mortgage banks (-1 due to a merger) also belong to this category.

There were thus a total of 8 additions (previous year: 5) versus a total of 63 exits (previous year: 66). There were no relocations to another federal state in 2023.

Entries and exits of credit institutions in 2023



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Regional distribution

Bavaria, the largest federal state by area, is still home to the most credit institutions (295 banks in total) despite seeing 17 (previous year: 18) exits. This decline was due to mergers in the

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.

sectors of cooperatives (13), public building and loan associations (1) and savings banks (1), and to 1 regional bank and 1 private building and loan association relinquishing their licences.

Baden-Württemberg has only just overtaken North Rhine-Westphalia for the first time, with 226 credit institutions (previous year: 234). As in the previous year, there were 8 exits, all attributable to mergers of credit cooperatives. No new entrants were recorded.

North Rhine-Westphalia, the most populous federal state, now ranks third in terms of the number of banks, with 224 (previous year: 237) institutions. This state saw a net decrease of 13 institutions in 2023 (previous year: 11). The reduction was due to mergers in the savings bank sector (6) and cooperative sector (5) and 3 exits in the regional banks category (two cases of business operations being transferred, one case of a licence being relinquished). As regards branches of foreign banks, 1 branch of a French bank opened owing to the takeover of a regional bank, which relinquished its licence.

Hesse recorded 10 exits (previous year: 14) and 5 entries (previous year: 2). Four of the exits concerned branches of foreign banks (two licences withdrawn from branches of US banks, a cross-border merger of a Luxembourg bank, and an EU passport relinquished by a Hungarian credit institution). Mergers reduced the number of credit cooperatives in Hesse (-3), regional and other commercial banks (-1), savings banks (-1) and mortgage banks (-1). The new entrants comprised 3 new branches of foreign credit institutions (from Taiwan, Czechia and the United States) and 2 new regional banks (relocation of a Luxembourg subsidiary of a Swiss bank, new subsidiary of an Australian bank). The total number of institutions in Hesse thus stood at 207 at the end of the year (previous year: 212).

Lower Saxony saw 4 exits (previous year: 3), exclusively owing to mergers of credit cooperatives (-3) and public building and loan associations (-1), which meant that 137 institutions were still located in this federal state as at 31 December 2023.

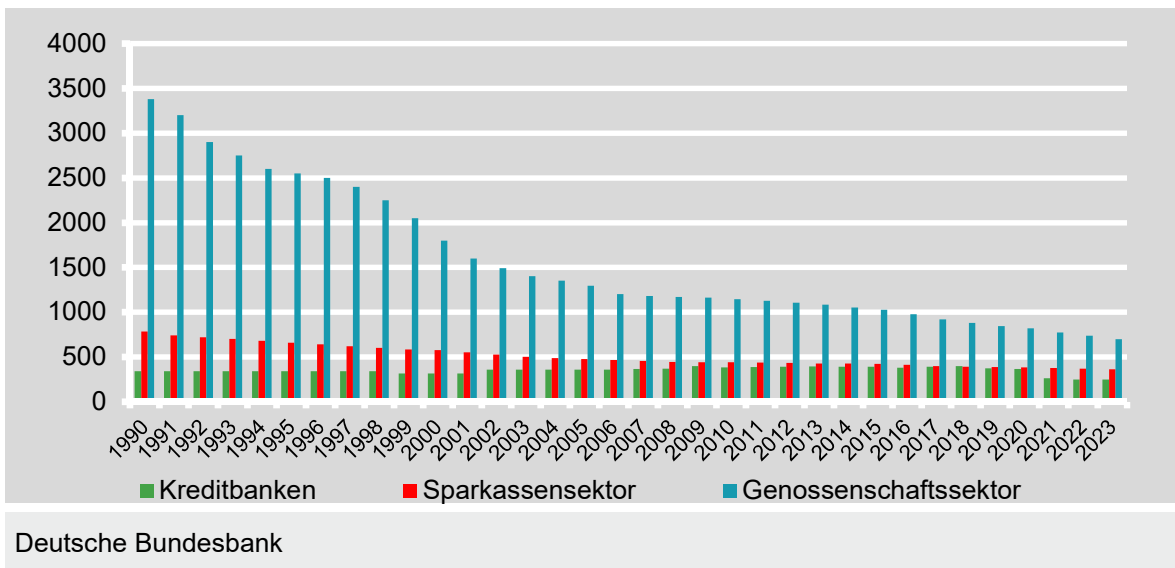
The **other federal states** each have fewer than 100 resident banks. At the end of 2023, Rhineland-Palatinate had 61 institutions (-6, one of which was a regional bank insolvency), Schleswig-Holstein 39 (-1), Saxony 36 (unchanged), Hamburg 34 (-1), Thuringia 31 (unchanged), Saxony-Anhalt 29 (+1 public promotional bank), Brandenburg 26 (unchanged), Berlin 21 (unchanged: +1 former investment institution which received a full banking licence and -1 regional bank which relinquished its licence), Saarland 15 (unchanged), Mecklenburg-Western Pomerania 14 (-1) and Bremen 8 (unchanged).

Of the 63 exits recorded in the statistics (previous year: 66), 52 (previous year: 55) were due to mergers – of which 3 were cross-border (2022: 6) – 8 (previous year: 7) to licences being relinquished, 2 (previous year: 4) to licences being revoked and 1 (previous year: nil) to an insolvency. No technical exits on account of reclassifications or head office relocations to other federal states were registered in 2023.

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 697 banks and a share of 49.7% (previous year: 736 banks = 50.5%), the cooperative sector remained the largest category of bank by number of institutions, but for the first time no longer constituted the majority of the total number. The savings bank sector follows by a relatively wide margin, with 360 institutions and a share of 25.7% (previous year: 25.2%), compared with 368 institutions at the end of 2022. The 242 commercial banks accounted for a share of 17.2% (compared with 246 institutions = 16.9% at the end of 2022). The 104 (previous year: 108) other banks (= 7.4%) play a minor role in this comparison and are therefore not included in the chart below.

Number of credit institutions in the 3 most important banking sectors



In 1993, there were still 2,780 cooperative banks and 704 institutions in the savings bank sector, but only 330 commercial banks. Twenty years ago, Germany had 1,396 credit cooperatives including central institutions, 502 savings banks including Landesbanken and 356 commercial banks. Consolidation progressed at a steady pace up to 2006. Ten years ago, 1,083 credit cooperatives, 426 savings banks and 393 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 new entrants 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 entry into effect of Brexit and the Investment Institutions Act led to a very significant decline in the number of banks. In 2022 and 2023, years with no idiosyncratic factors, there were 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 more or less contracted by almost 40% to 242 institutions since 2013 (down by 151). In 2021 alone there were 105 exits due to the aforementioned idiosyncratic factors of Brexit and the Investment Institutions Act.

II Branches of credit institutions (see Annex 2)

The total number of branches in Germany, in turn, went down by 4.6% in 2023 (2022: 5.8%, 2021: 9.9%), but much less than in the previous year.

While 20,446 branches were registered at the end of 2022, this number dropped by 945 over the course of 2023 (previous year: 1,266) to 19,501 – falling below 20,000 branches for the first time. This development reflects the impact of digitalisation on distribution channels due to greater use of online services as well as cost-cutting measures undertaken in a challenging competitive environment.

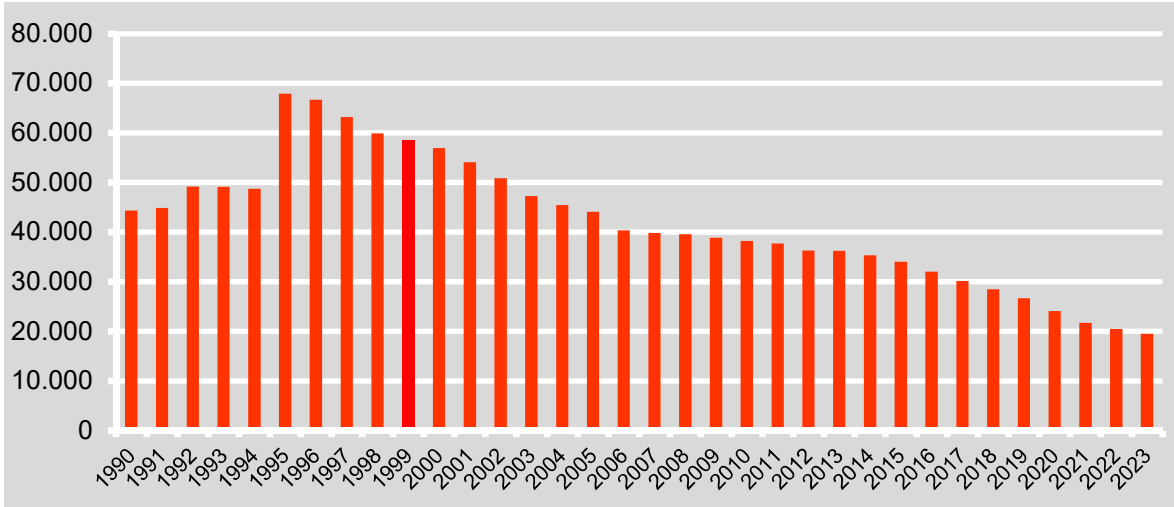
Branches are defined pursuant to Section 24(1a) number 4 of the Banking Act and Section 9 of the Regulation Concerning Reports and the Submission of Records under the Banking Act (*Anzeigenverordnung*). Branches without staff or in which only ATMs or statement printers are provided are not included in this figure.

According to data in the Bundesbank's payments statistics published on the website of the European Central Bank,³ a total of 50,889 ATMs were operated by German banks and payment settlement providers as at 30 June 2023. That figure was 52,652 at the end of 2022 (end-2021: 55,136); the number of ATMs is declining due to cost-cutting and rationalisation in the banking sector as well as the increased number of ATMs being blown up by criminals. 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. Unfortunately, no newer figures were available at the cut-off date for this report.

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

³ European Central Bank – Number of terminals provided by resident PSPs – ATM, with a cash withdrawal function, from: Germany to: Domestic (home or reference area) – [PTN | ECB Data Portal \(europa.eu\)](#)

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



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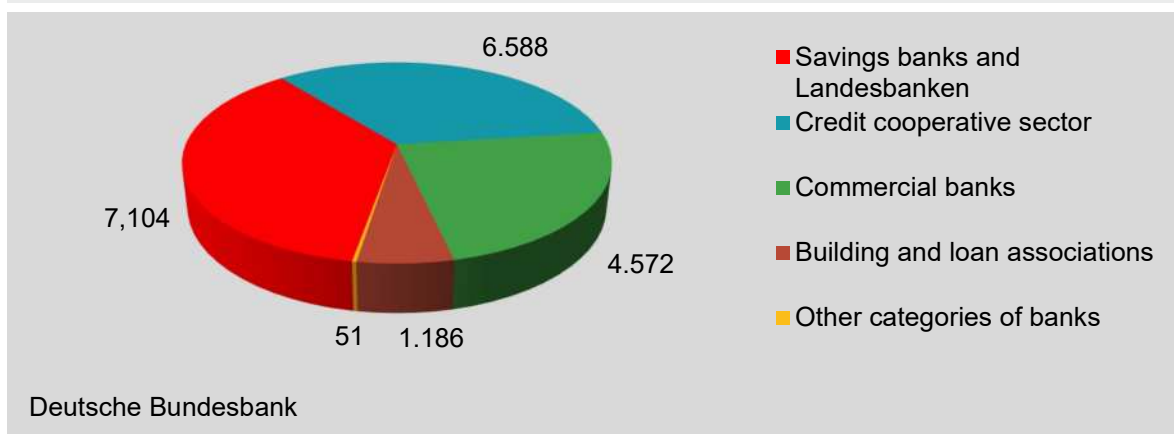
Looking at the overall change in branch numbers over the last 20 years, a continuous reduction in the branch network is discernible in the German banking sector, which at the beginning of this period still comprised 47,244 branches (including 10,645 branches of the now-defunct Deutsche Postbank AG). The decline was significant in the years up to 2006, in particular, before intensifying further as of 2015 and then decelerating as of 2021. All in all, the years since 2003 have seen the branch network of German big banks alone (including branches of the now-defunct Postbank) shed nearly 11,200 branches, leaving them at just over three-tenths of their 2003 level, while the savings bank sector lost more than 8,200 branches, leaving them at a little over 46% of their 2003 level, and the credit cooperative sector lost just over 6,600 branches, leaving them at just under one-half of their 2003 level.

Sectoral distribution of branches

The ongoing trend of downsizing branch networks is affecting every category of banks, but the pace has fallen significantly compared with previous years. Savings banks and Landesbanken closed 366 branches in 2023 (-4.9%; previous year: -441 = -5.6%), leaving 7,104 branches at the end of 2023. However, with a share of 36.4%, this sector still has the largest number of domestic branches. In the cooperative sector, 306 branches were closed in 2023 = -4.4% (previous year: -416 = -5.7%). At the end of 2023, a total of 6,588 branches thus remained, corresponding to an unchanged share of 33.8% of all domestic branches. In 2023, commercial banks also reduced the number of their branches by much less than in the previous year, by only 253 = -5.2% (previous year -374 = -7.2%) to 4,572. This represents an overall share of 23.4%, compared with 23.6% at the end of 2022 and 23.9% at the end of 2021. This downsizing is itself almost entirely attributable to German big banks reducing their network of domestic branches by 248 (previous year: 318). This mainly comprised just under 150 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-eighth of its domestic branches in 2023 and reported still having 440 domestic branches at the end of 2023. With 3,471 branches (previous year: 3,719), big banks still account for the largest share of all commercial bank branches. The branch network of regional banks and other commercial banks also shed fewer branches than in previous years – it shed 13, leaving 941 (or -1.4%; previous year: -59, or -5.8%). Foreign banks operated 160 branches (+8).

Building and loan associations likewise reduced their branch network to a moderate extent overall, with the number of branches in the private sector falling by 19 to 743, and the number of branches in the public sector remaining unchanged from the previous year at 443. The number of branches operated by other categories of banks stands at 51 (-1); these comprise 31 branches of mortgage banks (unchanged), 7 branches of special purpose banks (unchanged) and 13 branches of housing enterprises with savings facilities (-1).

Number of branches (total as at 31 December 2023: 19,501)



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 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 their addresses.

III Bank offices

During the 2023 reporting period, the number of bank offices, i.e. all legally independent credit institutions (head offices) including their branches, decreased markedly (though less strongly than in the preceding years), shrinking by exactly 1,000 (previous year: 1,327) offices from 21,904 to 20,904. This represents a drop of 4.6% (previous year: 5.7%). The bank office network has thus been thinned out by around 45% over the last ten years. Compared with the end of 2003, the number of bank offices has dropped by 28,805, or nearly three-fifths (roughly 58%).

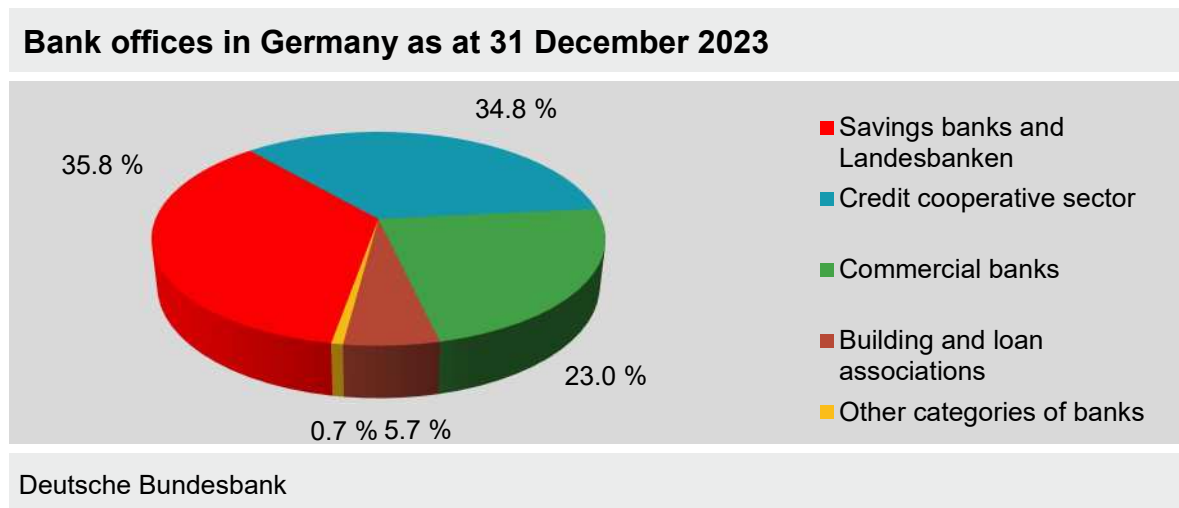
Year-on-year change in the number of bank offices in Germany:

Category of banks	31.12.2022	31.12.2023	Absolute change	%
Savings bank sector	7,838	7,464	-374	-4.8
Cooperative sector	7,630	7,285	-345	-4.5
Commercial banks	5,071	4,814	-257	-5.1
(of which: big banks)	(3,722)	(3,474)	(-248)	(-6.7)
Building and loan associations	1,223	1,200	-23	-1.9
Other banks	142	141	-1	-0.7
Total	21,904	20,904	-1,000	-4.6

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 7,464 bank offices, including 360

head offices. The credit cooperatives follow close behind, with 7,285 bank offices, including 697 head offices. As at 31 December 2023, the commercial bank sector operated 4,814 bank offices, including 242 head offices, representing a reduction of just over 5% compared with the end of 2022 (5,071). Building and loan associations come fourth, with exactly 1,200 bank offices, including 14 head offices. The other categories of banks reported 141 bank offices as at 31 December 2023, of which 90 were head offices.

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



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 20,904 bank offices and a population of around 84.7 million⁴ in Germany, the resulting **bank office density** for the 2023 reporting year was approximately 4,052 (previous year: 3,853). Five years ago, the bank office density was 2,797 (10-year comparison: 2,112; 20-year comparison: 1,660; 1990: 1,433 – in each case including Deutsche Postbank AG). This puts Germany around the middle of the international density rankings – countries such as Estonia, Finland, Ireland the Netherlands and Sweden have a much thinner branch network, while branch density in countries such as Austria, France, Italy and Spain is significantly greater.

⁴ Statistisches Bundesamt: *Bevölkerungsstand - Fortschreibung auf Grundlage des Zensus 2011 - Deutschland* (accessed on 8 April 2024), as at 31 December 2023.

Links: https://www.destatis.de/EN/Themes/Society-Environment/Population/Current-Population/_node.html and [Bevölkerung wächst im Jahr 2023 um gut 0,3 Millionen Personen - Statistisches Bundesamt \(destatis.de\)](#) 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 2023).

IV Branches abroad (see Annex 3)

The multi-year downward trend in German credit institutions' foreign presence came to an end in the year under review. The number of branches of German credit institutions abroad increased for the first time following years of consolidation, by 6 to 257 (= 2.4%; previous year: -4, or -1.6%). The number of foreign subsidiaries of German banks declined slightly to 76 (-1 – see point V).

The slight increase in the number of foreign branches of German banks in the previous year was related to the establishment of foreign branches by German regional banks and other commercial banks. The commercial bank sector comprises by far the greatest number of foreign branches (214; previous year: 211). Regional bank and other commercial bank branches accounted for the main share of this, with their number increasing by 6 in net terms to 129. The number of branches of big banks abroad continued its multi-year decline, falling by 3 to 85 in 2023. The number of branches of Landesbanken rose by 2 to 24. Savings banks (excluding Landesbanken) have not 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 number of foreign branches of mortgage banks remained unchanged at 6, while the number of foreign branches of other banks amounted to 5, one more than in 2022.

Geographically speaking, credit institutions' foreign branches are still concentrated mainly in Europe. Of the 257 branches in total, almost three-quarters (74.3%) are domiciled in Europe, with 162 (previous year: 158 – excluding branches of UK banks) of the 191 (previous year: 185) European branches situated within the European Union alone and, of these, 129 (previous year: 131) located in euro area countries. At the end of 2023, the second year after Brexit entered into force, France remained the primary foreign location for German institutions, with 27 branches (previous year: 25), closely followed by Italy with 25 foreign branches (previous year: 24). Additionally, there are 18 branches of German banks in Spain (unchanged), 16 in the Netherlands (+1), 15 in Luxembourg (-1), 12 in Sweden (unchanged), 8 in Austria (-1), 8 in Poland (+1) and 7 in Czechia (+1). Following a slight increase in 2023, German banks still have 21 (previous year: 19) 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. The number of branches there remained steady at 50. The bulk of these bank offices belong to big banks (unchanged at 41 branches = 82%). The number of foreign branches in the Americas also remained constant at 12 (of which 10 are located in the United States and Canada). The German banking industry is represented in Australia and New Zealand by three foreign branches (unchanged). There is only 1 branch in Africa.

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

As at 31 December 2023, German credit institutions reported 76 subsidiaries – institutions in which they hold a participating interest of more than 50% – domiciled abroad. Compared with 2022, this represents a decrease of 1 institution (previous year: -2 institutions). 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 58. Among regional banks, the number of foreign subsidiaries rose to 9 (previous year: 8). 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 39 subsidiaries (previous year: 38). Of these, 25 subsidiaries (previous year: 24) are situated in EU Member States, of which 19 (unchanged) are in the euro area, with 10 (+1) in Luxembourg alone. In the second year following the legally effective implementation of Brexit, 5 subsidiaries were still located in the United Kingdom.

German credit institutions operate 18 (previous year: 20) foreign subsidiaries in the Americas. Of these, 12 (unchanged) are in the United States. With 16 participating interests (previous year: 20), the vast majority of foreign subsidiaries in the Americas are owned by big banks (of which, as in 2022, 12 are in the United States, 3 in the Caribbean and 3 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 8 (previous year: 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 2023](#)

[Brief overview of changes in bank office statistics in 2023](#)