Making local banking a worldwide success

DEW

Economic Policy Conference

Wexford

17 September 2022

German Sparkassenstiftung
FOR INTERNATIONAL COOPERATION

Agenda

German Sparkassenstiftung
FOR INTERNATIONAL COOPERATION

Key facts

German Sparkassenstiftung For International Cooperation (DSIK)

**Joint institution of the Sparkassen Finance Group**

as of 31/12/2021

- Legal form: Non-profit organisation ("registered association – "e.V.")
- Foundation: 8 January 1992
- Head office: Bonn, Germany
  - Bonn: 40 employees
  - International: 340 employees
- Active in 54 countries
- Project volume 2021: EUR 35 million

German Sparkassenstiftung
FOR INTERNATIONAL COOPERATION

Bonn
Impressions

Organizational structures

Members

Board of Trustees

Management Board

Management

Bonn (Head Office)

Form

Elect
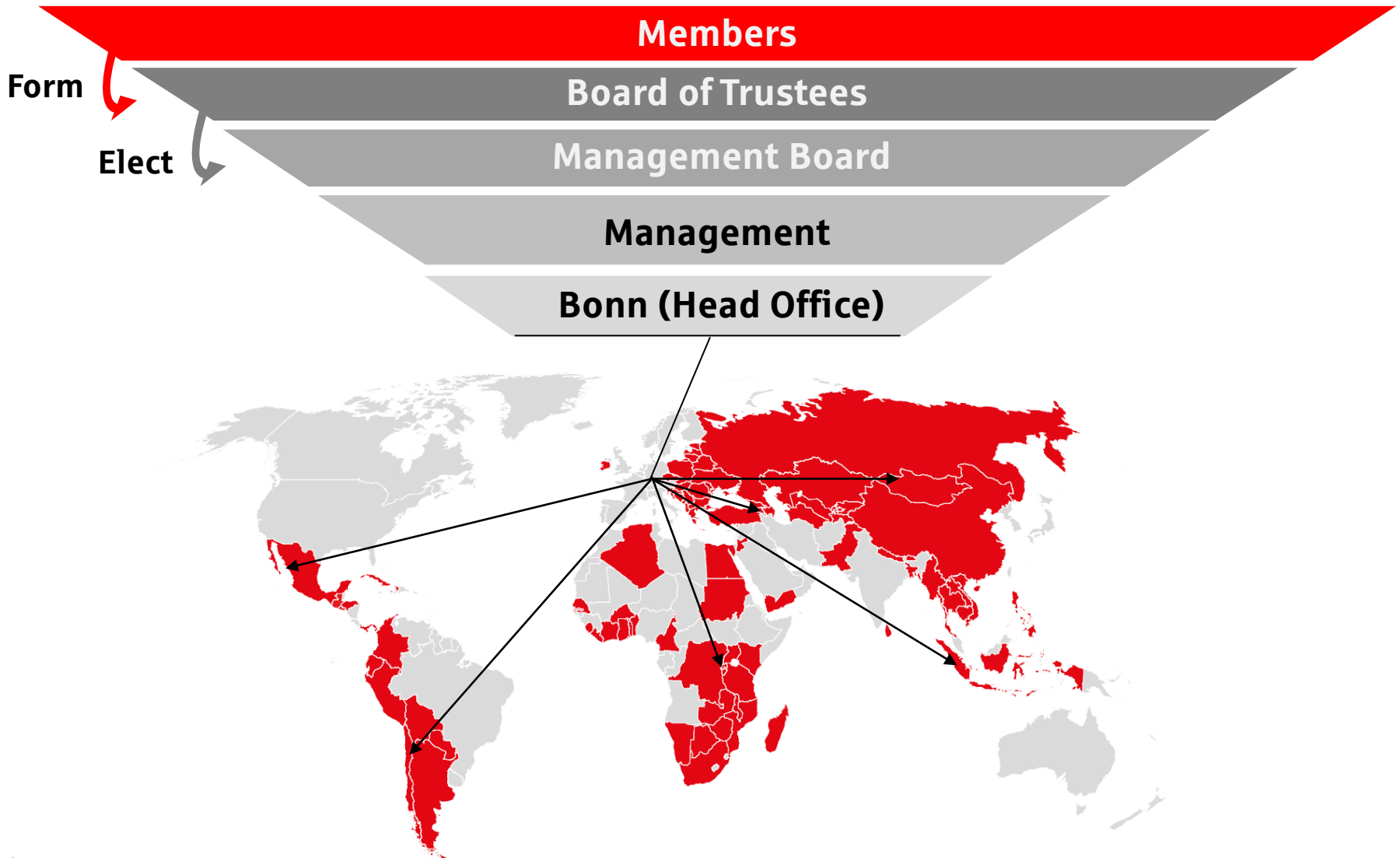
Key objectives

Improve access to financial services

Ensure sustainability

Share know-how

Improve economic framework conditions

German Sparkassenstiftung
FOR INTERNATIONAL COOPERATION

Core competences

Strengths of the German Sparkassenstiftung

Capacity Development

MSME Finance

Institution Building

Financial Literacy

Green Finance

Rural Finance

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Three-pillar system of the German banking sector

Commercial and privately-owned banks	Credit institutions governed by public law	Co-operative banks
Large commercial banks incl. Postbank, regional banks, foreign banks, private banks, specialised banks	Sparkassen, Landesbanken, Bausparkassen (building societies)	Volksbanken, Raiffeisenbanken
Profit maximisation of shareholders **- Shareholder Value -**	Oriented towards the common good **- Stakeholder Value -**	Benefit of its members **- Membership Orientation -**

Sparkassen and the Federal structure of Germany

Federal level

16 States - 13 Area states

(Government Districts)

Counties

Community associations

(Communities)

Municipalities

Cities without districts

3 City-states
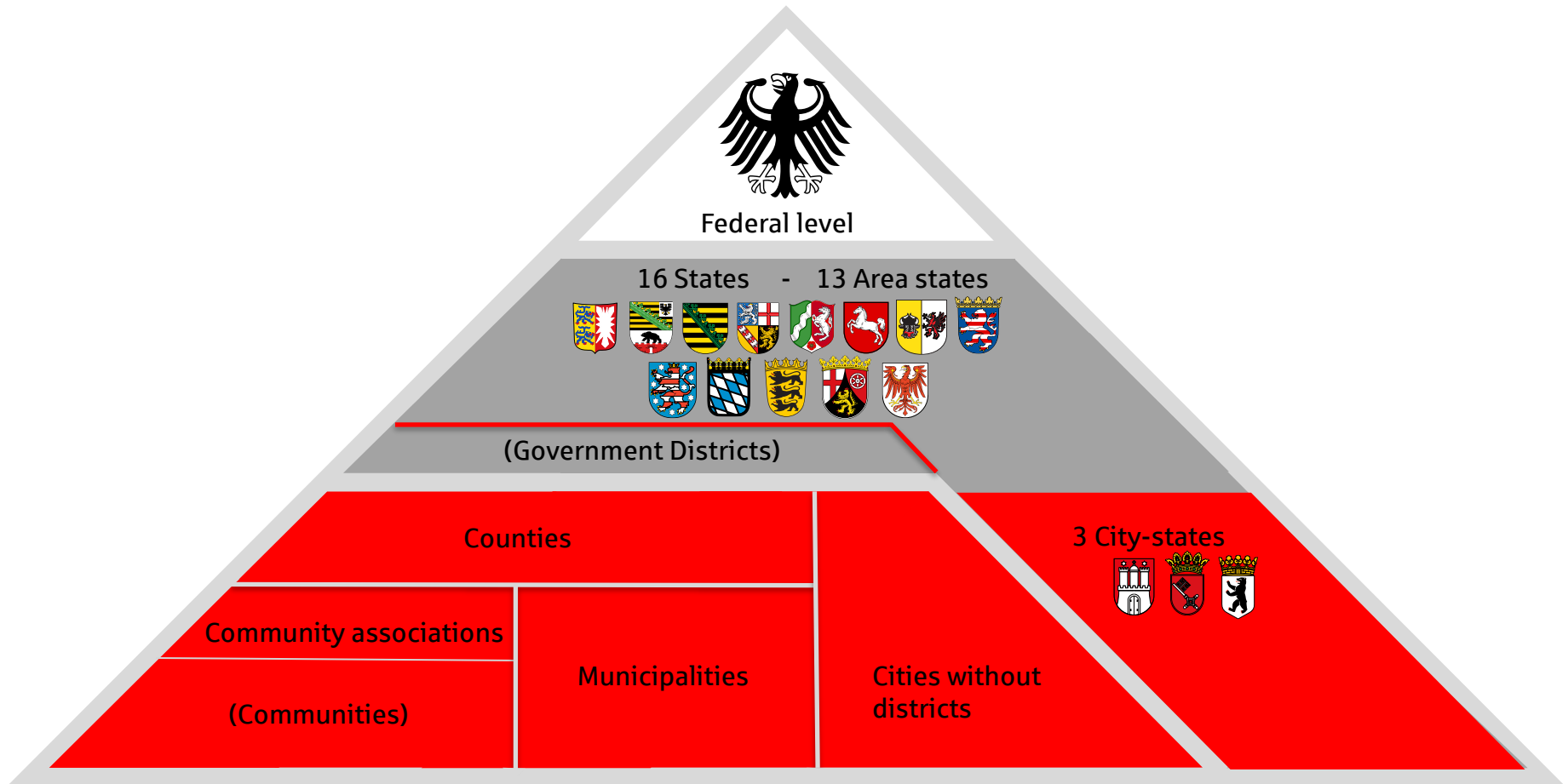
The common basis of the Group's structure ensures the success of its business model

Sparkassen Finance Group

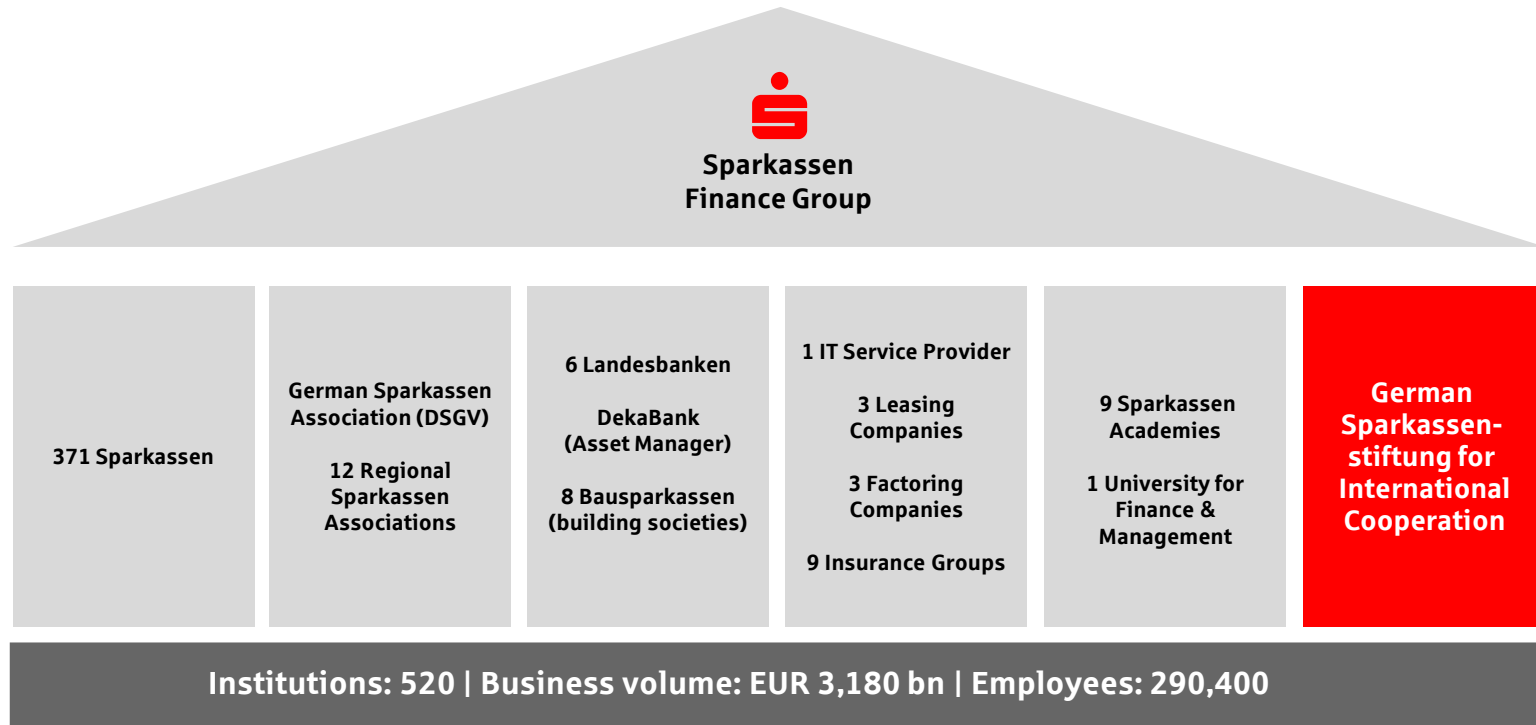| Cooperation within the Group	Decentralised Structure	Operational Efficiency

Public Legal Form	Municipal Trusteeship	Public Mandate and Social Commitment	"Regional Principle"

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Network system of independent institutions

**Sparkassen
Finance Group**

| 371 Sparkassen | German Sparkassen Association (DSGV)

12 Regional Sparkassen Associations | 6 Landesbanken

DekaBank (Asset Manager)

8 Bausparkassen (building societies) | 1 IT Service Provider

3 Leasing Companies

3 Factoring Companies

9 Insurance Groups | 9 Sparkassen Academies

1 University for Finance & Management | German Sparkassen-stiftung for International Cooperation |

Institutions: 520 | Business volume: EUR 3,180 bn | Employees: 290,400

German Sparkassenstiftung
FOR INTERNATIONAL COOPERATION

Key figures

Clear focus on private clients as well as small and medium-sized enterprises

EUR 1,414 bn in total assets

200,670 employees*

50 million clients**

88.4 million accounts***

12,191 branches and self-service outlets

12,810 apprentices
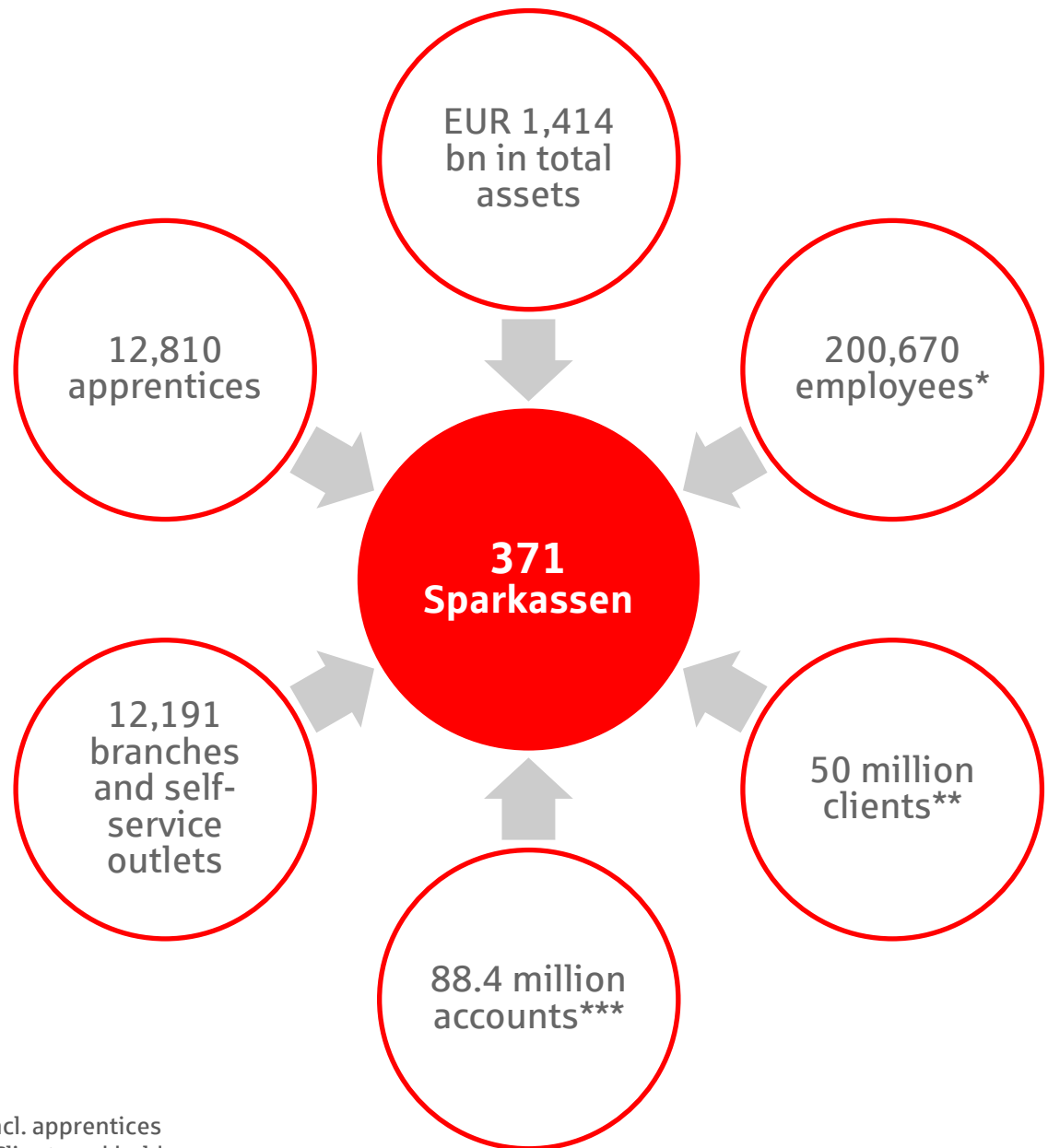
371 Sparkassen

* incl. apprentices
** Client card holders
*** Current and savings accounts

German Sparkassenstiftung
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A strong brand in Germany

Sparkassen actively promote regional development !!

Production

Taxes

Consumption

Regional development

Orders

Investment

Employment

Sparkassen

Loans

Enterprises and self-employed persons
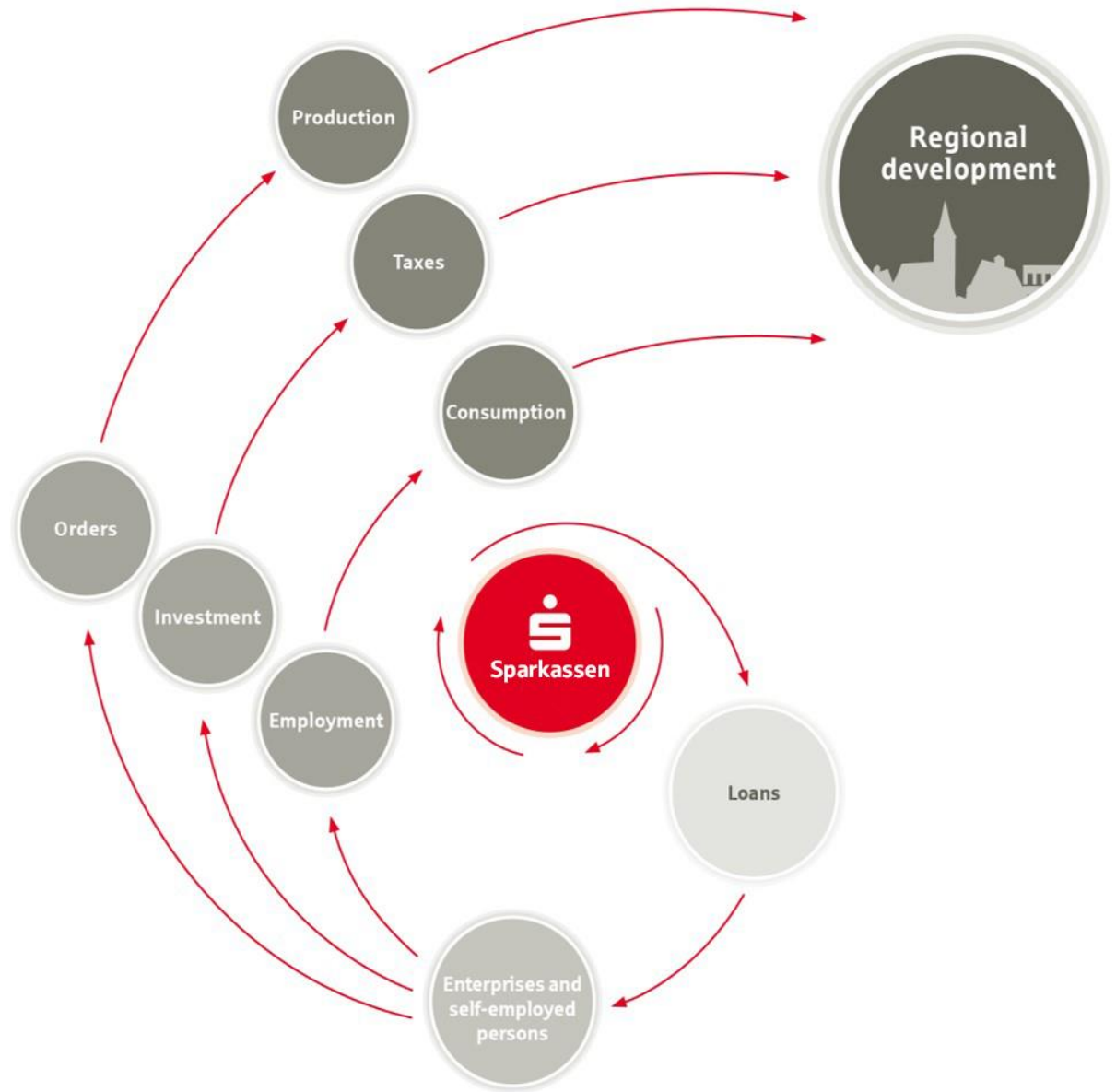
Profitability and social mandate are not a contradiction.

Profitability is a necessary prerequisite for sustainable growth.
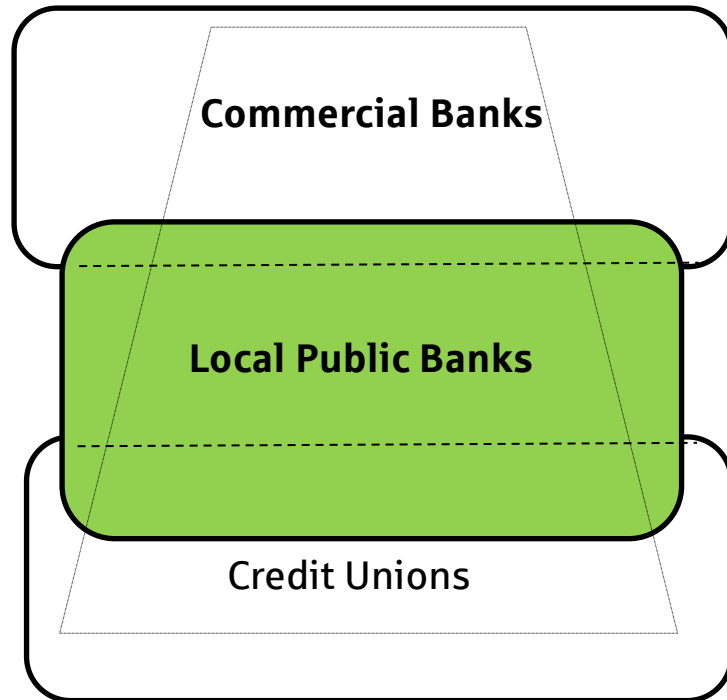
Maximising profits is not our main objective.

Legend: GDP growth — Sparkassen — Large private-sector commercial banks
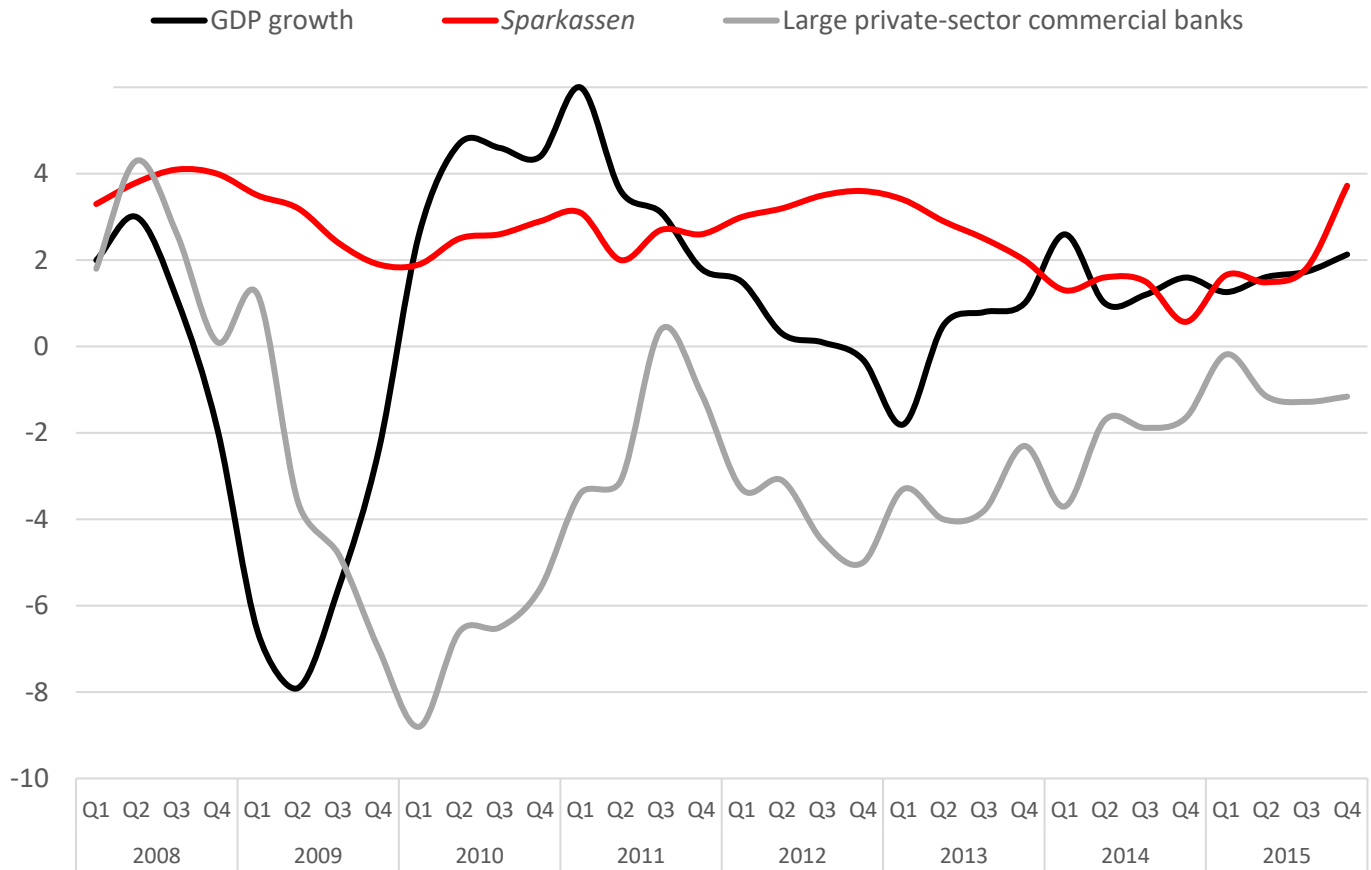
Source: Deutsche Bundesbank

Lending to Non-Financial Companies and the self-employed in Germany

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The Case for Ireland

The Case for Ireland

Commercial Banks

Local Public Banks

Credit Unions

The Case for Ireland

Key Customer Groups
of the Region

Private Households

Farmers

Small/Medium Local Enterprises

National Association of Local Public Banks

centralized support unit ➡ economies of scale and stability

Central Service Provider

Strategic Development and Support

Central Services

Supervision & Risk Management

IT, MIS, Product Development, Leasing, Housing,Start-Up Finance, Export Finance, Finance for Econ.Dev., Training, etc.

franchise contract

service level agreement

Local Public Bank

Local Public Bank

Local Public Bank

Credit Union

Credit Union

page 10
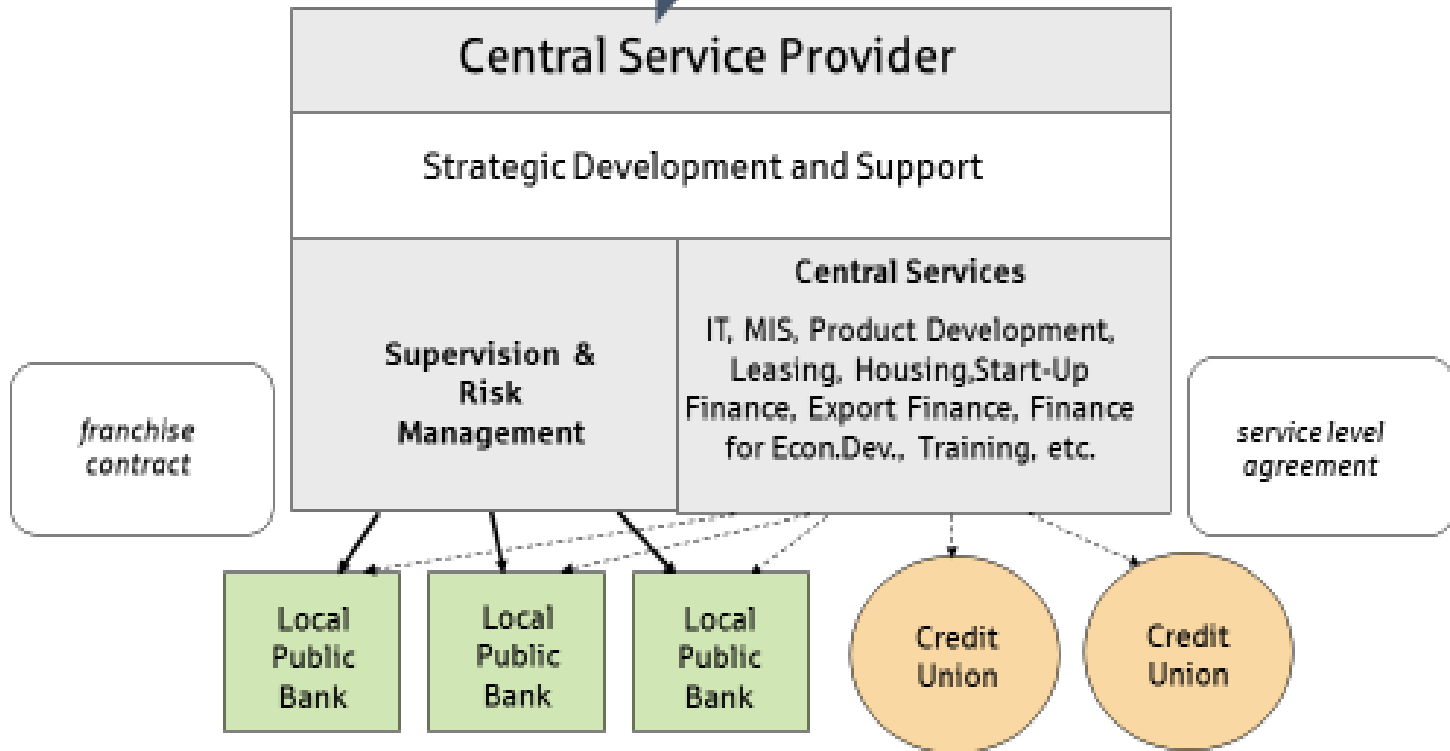
Business Plan

- 5 – year business plan, monthly calculations performed

- detailed cost and income assumptions

- profit and loss calculation

- liquidity planning

Based on local input and experience

P&L based on banking sales
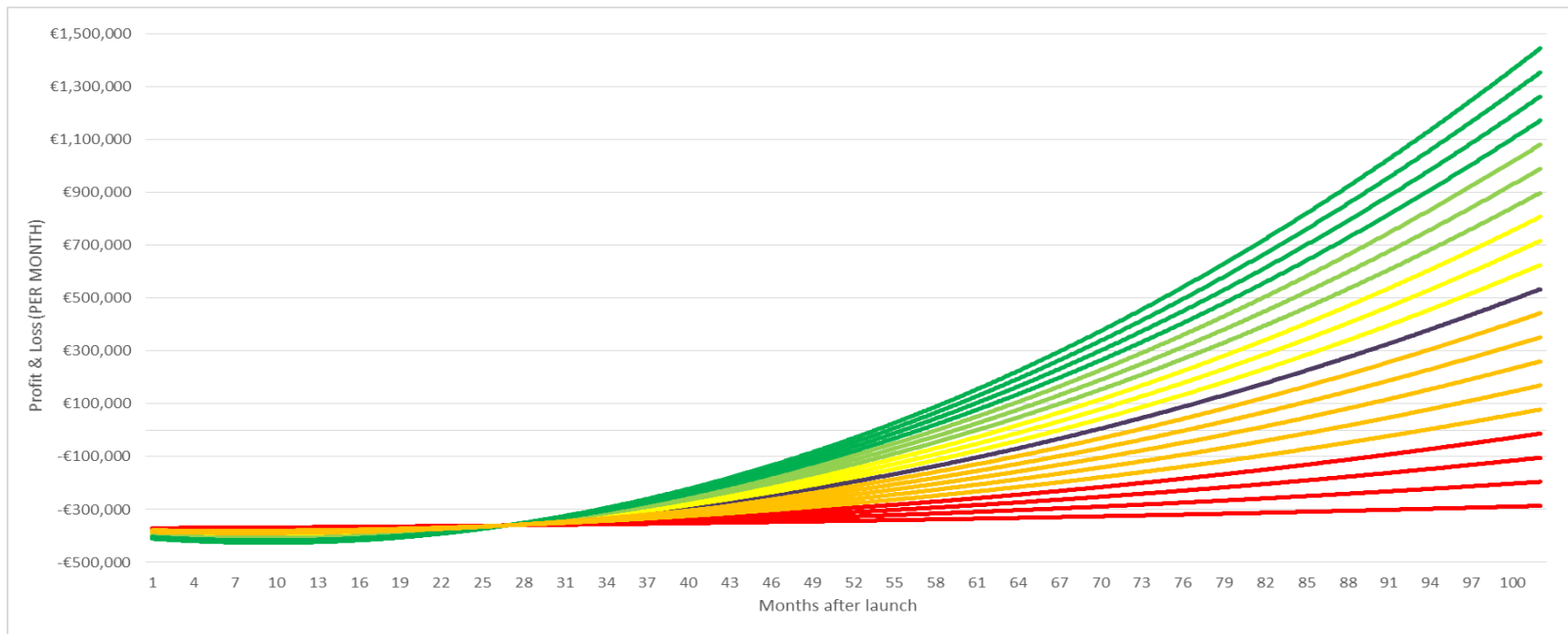
Conclusion I

Distinctive elements to Irish Banking market

Business model mitigates risks and reduces costs for customers

Focus on the regional economy "Regional principle"

Balancing growth with common good orientation

Added value for Regional Development

Pillar of the indigenous economy

Legal form prevents privatization

Conclusion II

Solutions?!

Thank you.

German Sparkassenstiftung
FOR INTERNATIONAL COOPERATION

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Funding

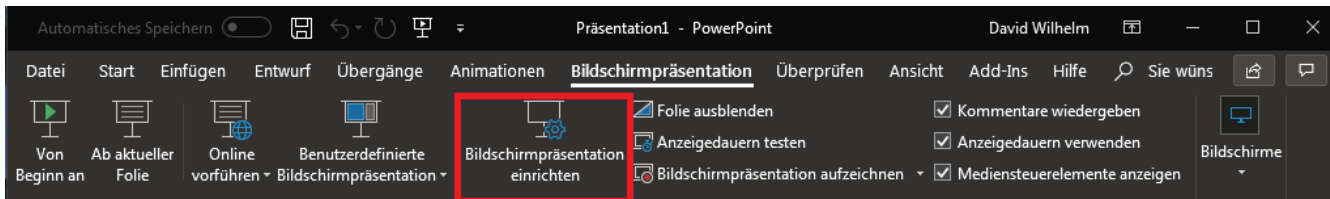**Three different funding sources with different weighting**

Interest on equity capital

Interest revenues

Voluntary

Members' donations

National donor:

BMZ

GIZ

KfW

International donor:

EBRD

EU

World Bank

IFC

Others

Partner-financed

Project revenues
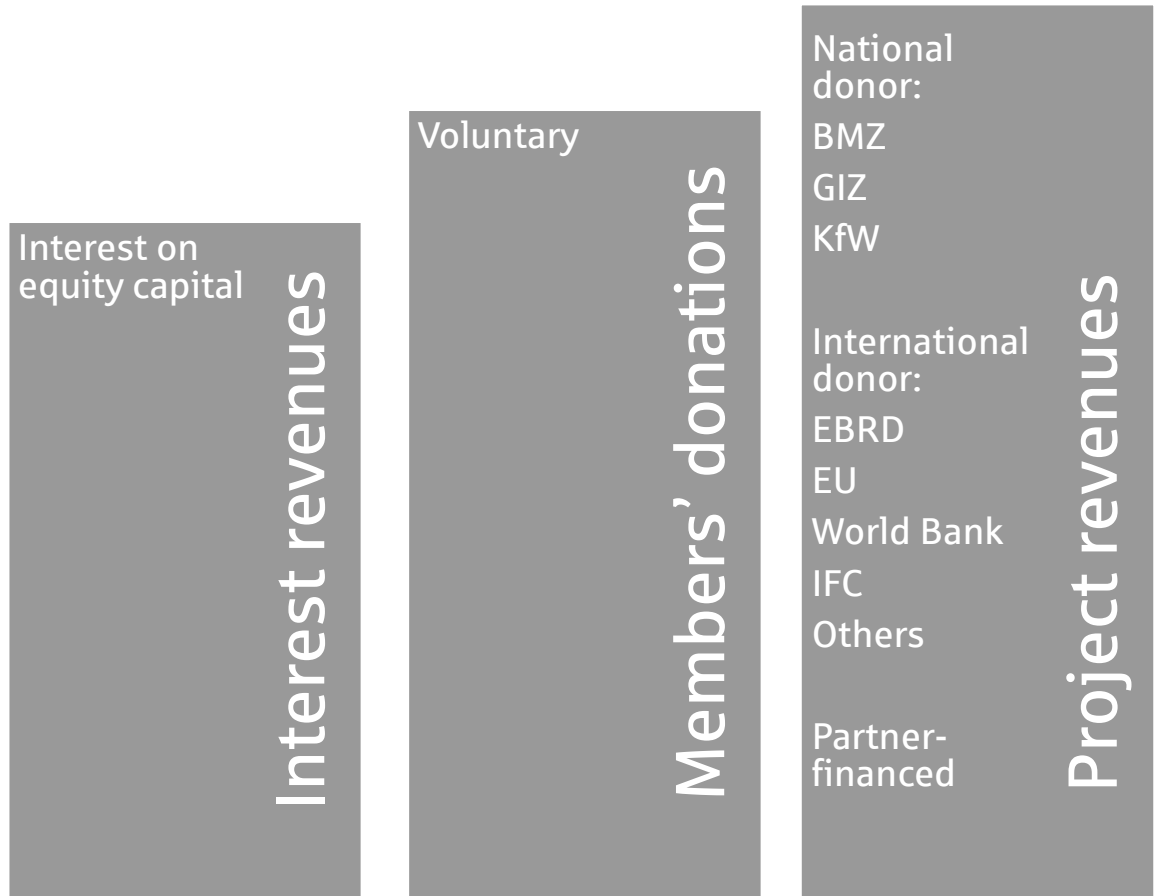
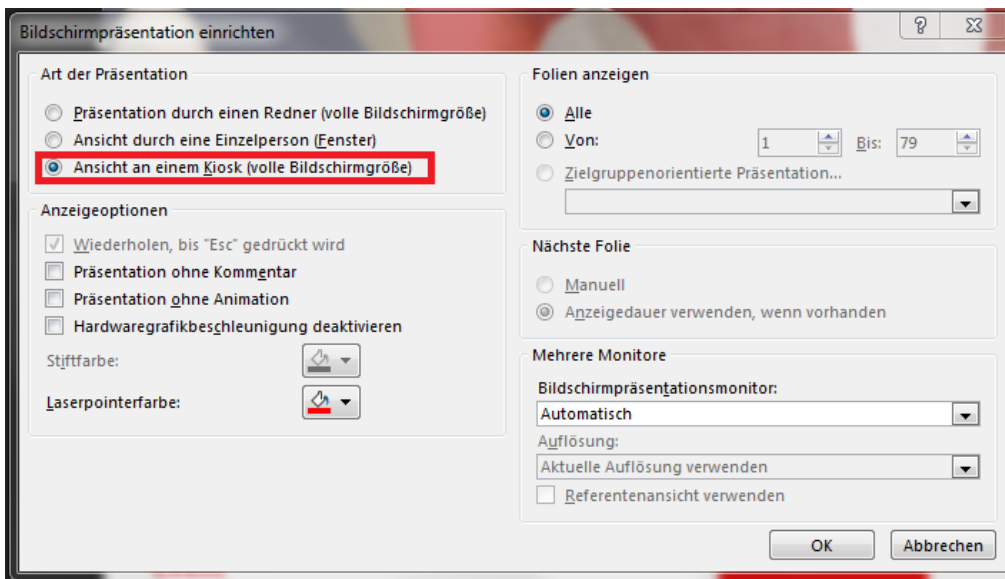# PowerPoint Presentation – Avoiding distortions

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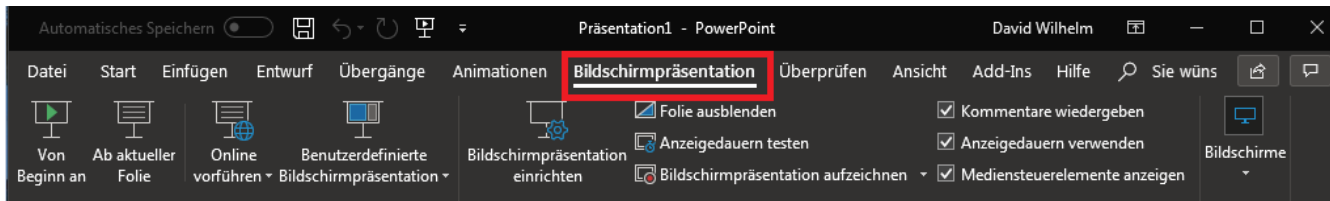
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Proceed to "**Set up slide show**"