

# **United we are strong**

**Hamburg Declaration  
on the occasion of the 26th  
German Savings Banks Conference  
on 15-16 May 2019**

# United we are strong

## Preamble

The 26th German Savings Banks Conference will be held at a birthplace of Savings Banks. In 1778, citizens of the Free and Hanseatic City of Hamburg established one of the first Savings Banks in Europe, with the objective of enabling everyone to participate in economic life and to enjoy financial independence, in particular in times of radical change.

The Savings Banks concept is focused on responsible citizens who are as independent of State welfare as possible and who are able to live a life of financial independence. With the economic and social transformation of the first industrial revolution, this concept - which stemmed from the era of Enlightenment - rapidly gained importance. The emergence of local self-government in the early 19th century, then, provided a fixed framework for the Savings Banks concept, which has remained unchanged to this day and which will point the way into the future. Today, the vast majority of Germany's Savings Banks therefore operate under municipal trusteeship.

Savings Banks facilitate financial inclusion and hence social participation. For centuries, even during economic and political crises, and in different political systems, this core mission has characterised Germany's

Savings Banks and distinguished them from competitors. Together with Landesbanken, DekaBank, BerlinHyp, Deutsche Leasing, public-sector insurers, Landesbausparkassen, and many other companies, Savings Banks today form one of the most efficient banking groups in the European financial market. Their decentralised structure, local corporate responsibility, and cooperation within a strong network ensure the commercial success of all Savings Banks, regardless of their size.

We are committed to this tradition and will carry it into the future. Today, people and businesses are once again in the midst of a process of radical economic and social change - accelerated by the digital revolution and global power shifts. The responsible use of natural resources, social inclusion and "prosperity for all" are the key challenges of the 21st century. Making an important contribution to meeting these challenges is the ambition and the competence of Savings Banks. The motto "United we are strong" expresses our confidence as we tackle the challenges.

Hamburg, 14 May 2019

The Management Board of the German Savings Banks Association

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# Europe is our future

**1.** The economic, social and ecological challenges of the future are so momentous that they can only be solved through the joint efforts of the European countries. Economic isolation, protectionism or withdrawal into national structures is not an alternative if we want to secure economic prosperity and freedom.

Our vision of Europe is one where people do not have to choose between a regional, national or European identity but where all of these identities can easily be combined. Diversity enriches Europe. For this reason, Europe should not claim powers

that can be exercised at local, regional or national level – closer to citizens. Reliable compliance with the principle of subsidiarity is the only way for the European Union to win the hearts of people in the long term.

Democracy and the separation of powers, respect for diverging traditions and experience, and the assumption of responsibility – this is what the European Union and its Member States must stand for. For this reason, the great European idea should not be abused to shift burdens and responsibilities to others. This applies not least to the burdens of national banking and financial systems.

## **As the Savings Banks Finance Group, we make a contribution:**

The economic activities at the local level form the core of a Savings Bank's business operations. We only become involved in supra-regional and cross-border business operations in cooperation with other companies, mainly companies affiliated with our Group. This is how we bring together local responsibility and global orientation. We help to achieve economic soundness and financial market stability in Europe's largest national economy by making extensive financial provisions of our own, not least through our Institutional Protection Scheme.

# Securing “prosperity for all”

**2.** Digitalisation and globalisation provide excellent opportunities to improve international cooperation and to enable more people to share in sustainable development.

However, the associated changes in all the traditional value-added processes constitute disruptions that are comparable to those of the first industrial revolution. For this reason, the changes need to be politically designed in such a way that everyone can consistently and reliably exercise their right to economic and social participation.

Enterprises that want to generate profits by conducting business operations in Europe will also need to contribute to financing the communities in which they operate, and they must assume responsibility. People who contribute to business success have a right to receive their fair

share in return. For this reason, each and every enterprise is obliged to make reasonable tax payments, and all segments of the population need to receive a fair share of the income and wealth that is distributed.

To this end, it will be indispensable to revive savings schemes, stimulate the securities culture and systematically encourage home ownership. In light of the current interest-rate policy, most people can only achieve reasonable value growth by making capital investments. For this reason, unhindered access to advisory services for securities must be guaranteed – without the hurdle of advisory fees and without bureaucratic obstacles. In the interest of economic sustainability, European interest rate policy will need to ensure again in future that people who accumulate assets and savings to provide for old age will be rewarded and will no longer be penalised by asset losses in real terms.

## **As the Savings Banks Finance Group, we make a contribution:**

We provide access to high-quality financial services for people from all walks of life, regardless of income and assets, and we enable them to accumulate savings through investments in securities while paying smaller monthly amounts. We reliably pay our taxes and invest in financial literacy. The Savings Banks themselves are important employers for approx. 210,000 employees in all of Germany's regions, and they secure regional economic structures which enable millions of people to participate directly in economic prosperity. Through the Savings Banks Foundation for International Cooperation, we are currently active in about 50 developing and emerging countries, in which we help build up local financial structures for the public at large.

# Maintaining personal autonomy in the digital world

**3.** Data are the assets of the 21st century. In almost all walks of life, extensive data knowledge helps make better use of resources, while achieving quality and efficiency improvements faster.

In this context, the protection of the right of self-determination with regard to personal information is increasingly important to consumers. More and more, the digital platform economy that is dominated by a very small number of globally operating providers is edging its way between today's providers and their customers. In this way, the global players gain control over user data and thereby deprive the actual producers of growing parts of the value added.

Europe's citizens must not become indulgent consumers, and European enterprises must not become tolerated suppliers of a monopolised international platform economy. A level playing field is needed. Providing access to interfaces for data exchange should not be a one-way street. Furthermore, the responsible competition authorities must intervene early on – based on up-to-date market definitions – to prevent new market and power concentrations. In addition, attractive European services will require more investments in Artificial Intelligence and new forms of cooperation among European enterprises – including former competitors.

## As the Savings Banks Finance Group, we make a contribution:

We are gradually transforming the Savings Banks' current account – of which there are 40 million in the German market – into a digital financial platform, from which our customers can manage all their bank accounts and, increasingly, also other financial transactions. With our wide range of state-of-the-art payment services, we have prepared the ground so as to ensure that our customers will stay in control of their account and transaction data when they make payments. Within the limits of competition law and the current regional structure, we want to cooperate with European competitors in developing financial infrastructure and payment services that are customer-friendly alternatives to global platform and payment services.

# Strengthening small and medium-sized business structures

**4.** Germany's prosperity is clearly based on its small and medium-sized business structure: More than 60 percent of the country's working population is employed in small and medium-sized enterprises. Many international market leaders are family-run "hidden champions" domiciled outside conurbations. This business structure ensures broadly-based employment with high-quality jobs in all parts of Germany, a long-term business policy geared towards stability and sustainable growth, and a strong innovation capability of German businesses.

Preserving efficient small and medium-sized business structures is not to be taken for granted in view of the power concentration in an increasingly global and digital world. It will take more commitment to preserve such structures and the economic environment required for this purpose. To this end, all regions need to have proper access to global economic business cycles via state-of-the-art transport and data connections. In addition, financial policy and regulation will need to strengthen credit-based SME financing in the European capital markets union, so that SMEs – in particular family-run businesses – can retain their economic independence.

## As the Savings Banks Finance Group, we make a contribution:

Savings Banks, Landesbanken and their partners within the Savings Banks Finance Group have close business relationships with three-quarters of all German enterprises. They finance nearly one out of two business start-ups and provide more than 40 percent of all loans to enterprises. In 2018 alone, Savings Banks provided a total of EUR 89 billion in new loans. In good times as well as in times of economic difficulty, we are committed to small and medium-sized enterprises and thus help to secure sustainable growth and a high level of employment. Throughout Germany, we have qualified local customer relationship managers and executive boards that can independently take decisions. And in cooperation with Landesbanken and Deutsche Leasing, we support small and medium-sized enterprises in all kinds of international business activities.

# Creating affordable housing

**5.** Affordable appropriate housing is a basic human need. However, for many people in Germany, it is becoming increasingly difficult to find housing that they can afford. This applies in particular to families and single parents with children.

It is necessary to build more housing in Germany. The home ownership rate in Germany is 45 percent, which is much lower than in other parts of the European Union.

The problem is aggravated by the fact that the population is growing in conurbations. While real estate prices and rents are rising rapidly in cities, other regions have to contend with a population exodus and the depreciation of the value of real estate. For this reason, Germany needs a significant increase in new housing construction, systematic promotion of home ownership, along with a programme aimed at strengthening communities facing specific structural challenges.

## **As the Savings Banks Finance Group, we make a contribution:**

No-one helps more people to acquire their own four walls than Savings Banks and Landesbausparkassen. In 2018 alone, Savings Banks provided over EUR 50 billion in loans to enable approx. 250,000 customers to acquire a new home. At the same time, we are the most important financial partner of private, commercial, municipal and cooperative housing companies as well as the KfW Bank for public development loans for energy-efficient construction and renovation.



# Keeping all parts of Germany attractive

6.

Since Germany's reunification at the latest, the creation of equivalent living conditions has been recognised as a particularly important political goal in Germany.

For this reason, people in all parts of our country see development opportunities for themselves and their families, but also for their enterprises.

People living in structurally weak regions should not end up feeling that they are being left behind. And at the same time, people living in metropolitan areas must not be crowded out as a result of the rapid

increase in the cost of living. All of us have a common interest in ensuring that living and working conditions are attractive in all parts of Germany.

Local governments need the necessary leeway to perform the duties assigned to them on their own responsibility and to set their own political priorities at local level. For this purpose, it is indispensable for local governments to have sufficient financial resources. In addition, it is necessary to systematically improve the digital, social and transport infrastructure in local economies facing specific structural challenges.

## As the Savings Banks Finance Group, we make a contribution:

Savings Banks are at home in all parts of Germany, including in regions referred to as "structurally weak". Nearly two-thirds of staffed Savings Bank branches are located outside urban regions. In this way, we ensure that banking infrastructure is available in particular in rural regions. At EUR 2.8 billion (2018), we are the most important taxpayer in the German banking sector and one of the largest taxpayers in Germany; we therefore play a particularly important role for the budgets of local governments. As employers, taxpayers, service providers and sponsors, we contribute approx. EUR 44 billion each year to economic prosperity in all the regions of Germany. This corresponds to a contribution of EUR 260,000 per employee of Germany's Savings Banks. We are part of the local community, and – in particular with our roughly 210,000 employees – we are close to the people who need our services.

# Investing in social cohesion

**7.** Great challenges can only be mastered through joint efforts. A village, a city or an entire country only become attractive because of the people who live and work there.

Approx. 31 million people in Germany are engaged in civic activities. Nevertheless, many people are under the impression that social values and a sense of community are being lost. And it is true that our society is probably more polarised today than it has been in the past few years.

For this reason, it is crucial that local citizens can take more decisions themselves and jointly assume more responsibility. Strengthening a sense of community, building bridges between different groups within society and fostering mutual understanding are therefore key challenges for our country in the future.

## **As the Savings Banks Finance Group, we make a contribution:**

Savings Banks are credit institutions operating under the trusteeship of municipalities that represent all of Germany's 83 million inhabitants. We ourselves earn the resources we need to fulfil the public-service mission assigned to us. In addition, we sponsor local sports events, as well as social and cultural activities that bring people together, create a sense of community, and make a region an attractive place to live and work in. For this purpose, we provide approx. EUR 420 million in funding per year and often involve local citizens in the decision-making process regarding the use of the funds. We have established 752 foundations that consistently and reliably sponsor social and cultural causes at local level. Nearly half of our 210,000 employees are engaged in local civic activities. We are part of the local community – and this is also the way we see ourselves.

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