

## The German banking system

There are two main types of banks who deal with private customers in Germany, 1) the private banks like Commerzbank and 2) the banks partially supported by the local community like the Sparkasse. There is also a bank at the Post Office the Postbank, with this bank you can withdraw money from the Post Office and through a network of machines and make many transactions by post. However the system is not as fast or as comprehensive as the other banks mentioned. Like the other banks the Postbank makes a quarterly charge for your banking.

If you open an account at one of the Sparkassen and then you move area you will find you have to move your banking as they are regionally based and the branches are not linked like those of some of the private banks. In our area the Post office personnel speak very little English but the staff in the Sparkasse for example are fluent so we chose to bank with them but this will depend on the area.

### Current Account

You will need a current account to pay your rent and other bills and also to have your invoices paid into. You will be expected to have a German bank account; there are very few people in this country without their own bank account.

An account from your own country will not do for many transactions.

Many more transactions are made directly through the bank in Germany than in other countries there is very little use of cheques and credit cards to make payments.

An EC account gives you the possibility to do Internet banking, a debit card that you can use in many shops and also to make cash withdrawals and collect your bank statements from machines at your local bank. These machines can be used to withdraw cash all over Europe using the Maestro symbol. Some cards also have a chip on them that you can load with money from your bank account to make small purchases like cigarettes from machines or pay for parking in some areas.

Your bank will charge for issuing you with this card, and it and its pin (Personal identification number) are usually changed every two years. The charge was 20,00 Euros last time I changed mine but it varies. If you lose your card inform the bank at once so that you are not liable for any fraudulent usage. Note numbers are written differently in Germany, the full stop comes after the thousands and the comma comes before the euro cents so one thousand two hundred and two Euros twenty cents = 1.2020,20.

Using an EC account is not free banking the bank will charge a monthly fee and overdraft charges are high especially if the overdraft is unauthorised. Overdrafts are available to foreigners they are based on perceived ability to pay them off, so for example on monthly income.

### Opening an account

To open an EC account, as an EU citizen, you only need to take in your passport and your 'Aufenthaltserlaubnis'. A non-EU citizen needs the two above plus an 'Arbeitserlaubnis'. The bank will fill in the form for you on the computer usually and then you will be given a sheaf of papers to sign, all in German of course. One of these papers will be a form that allows the bank to make a credit check on you at the organisation called the 'Schufa', provided the report of the 'Schufa' is reasonable the bank will open the account.

Other accounts that you can set up at the major banks include savings accounts in a book, special accounts to save for buying a house, where after a set period of years the bank will loan you money towards house purchase based on the amount you have saved on a monthly basis. The interest rate on these 'savings' accounts is very low by UK standards so it is important to set up a 'Freistellungsauftrag fuer Kapitalertraege'. This official form allows taxpayers to receive up to a set amount of interest without paying tax on this interest, the amounts change annually but can be spread across accounts with different organisations you just have to fill out a separate form for each account.

Banks will of course also lend you money for example for buying a kitchen or a car at often better rates than the sellers of these goods. Most banks will also grant mortgages, you generally need at 20% deposit to buy a house in Germany and there are other charges too.

31/2% 'Grunwerbsteuer' Ground tax to the Finanzamt

3,48% - to the Estate agent

1,5% - to the lawyer.

### Credit Cards

A German 'credit card' is more like what in the U.K. is called a 'debit card' as the outstanding amount has to be paid off each month so the period of credit is actually very short. Buy goods on the 1st January then you pay from your bank account in early February, often before you actually see the bill the amount is debited from your bank account.

You can now use credit cards in petrol stations but in very few shops and certainly no supermarkets. Usually people use their EC cards in supermarkets and some other shops displaying the EC sign.

### Banking Terms on the statement

Konto	- account
Überweisung	- transfer
Kontoauszug	- statement
Lastschrift	- Direct debit
Kartenzahlung	- Payment with EC card in a shop
Geldautom.	- Cash withdrawal
Auftrag	- Internet banking item
Zahlungseingang	- deposit
Zinsen	- Interest
Kontostand	- Balance
Kredit	- Overdraft