



Combination of a Housing Cooperative  
with a Saving Institution for the Members



Spar- und Bauverein eG  
Dortmund seit 1893

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## Basic Idea



„First Saving, then Building“ (*Basic cooperative idea: Help for Self - Help*)  
Business Model since 1885 (*...„there was no housing subsidy“*)

## Basic Idea



Apart from using the housing unit, members and their family (i.S. §15 AO) have the possibility to invest their savings in a saving institution, which belongs to the housing cooperative (*Sparbau: Cooperative Share = 1.278 € (Obligatory saving for persons, who are just saving= 150 €)*)

# Basic Idea – The Saving Institution as a Financial Instrument

## **Change of the Financial Structure regarding the Investment of the Cooperative**

- Saving Deposits as relevant Financial Resources in order to add / to reemplace Capital from the Capital Market for New Construction, Modernization and Maintenance (Independence from the banks)



# Basic Idea – „member value“

## Added Value for Members:

- Visible expression of the basic cooperative idea of help for self help
- Loans of Members and their Family for „their“ cooperative for the improvement of housing quality
  - Better Quality of Living through Investment
  - More favourable rent through the difference between interest for savings and the official market interest rate for credits
- Profitable interest rate on savings (generally interest rate in advance)

## Basic Idea –

### The Saving Institution to keep Members as Clients

- Set of criteria for a better Profile  
(high degree of professional management)
- Increase of the Degree of Popularity through the Enlargement of the Circle of Clients
- Permanent Contact to Members through them as Saving Clients
- With a good leadership of the Cooperative an additional Degree of Confidence can be achieved  
(Professionality, Service - orientation)

## Basic Idea –

### A Saving Institution to keep Members as Clients

- Business Processes are agreed upon in a democratic way:  
Housing Management, Administration of Members,  
Saving Institution
- Management Culture of the Saving Institution is reflected in  
the area of Housing Management
- Attractive Field of Activity for Members, who are service-orientated  
*(Trainees receive a „small“ training on bank affairs)*; intensive Measures of Personell  
Development
- Service - Orientation: Design of Rooms for Clients,  
Opening Hours, special Events (World Saving Day a.o.)



# How it works



## *Savers*

Saving Deposits /  
long-term Saving  
Contracts

## *Use of Saving Volume in the Cooperative*

Money Investment (Forward- , Fixed Period,..)  
Investment in Maintenance

## *Expenditure of the Cooperative*

Saving Interest

Costs for Personell

Other Administration Costs

## *Income for Cooperative*

Profit for Interest through Investment

Opportunity (*Profits from Credit Substitutes*)

*Reference of Interest Rate is the average of housing loans with 10 years fixed interest rate*

**Difference = Rentability of the Saving Institution**

\* Standardized Calculation Model (GdW) = Savings are regarded as credit substitutes and do not serve as liability for liquidity

# Number and Stock of Deposits in Germany

- **46** Housing Cooperatives with a Saving Institution of their own in 2009
- Pooling of Interests and Information via GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen e.V. Berlin in a Federal Working Group
- Saving Deposits and long-term saving contracts in the end of the year:  $1.597.877.491,57 \text{ €} + 85.639.495,82 \text{ €} = 1.683.516.987,39 \text{ €}$  (31.12.2008)  
 $1.534.807.119,90 \text{ €} + 77.662.685,12 \text{ €} = 1.612.469.805,02 \text{ €}$  (31.12.2007)  
This is an increase of **+ 4,39 %** (Vj. + 2,71 %)
- The average amount of savings per member: **5.031,96 €** (Vj. 4.918,34 €)

# A short Presentation of the Cooperative



Year of Foundation	1893
Housing Units	11.415
Members	17.075
Staff	86
Trainees	8
Volume of Savings	80,8
Maintenance and Housing Management	27,7
Vacant housing units	0,3 %

# Requirements and special Features

Housing Cooperatives with a Saving Institution – Credit institutes  
in the sense of § 1 KWG (*although no credits are granted*)



# Requirements and special Features



- Permission for the Business of a Saving Institution through Banking Finance Law BaFin (§ 32 ff. KWG)
- Qualifikation of Executive Director / Board of Directors: All (*in former times a majority*) Members of the Board have to prove through certificates (according to § 33 Abs. 1 Nr. 3, Abs. 2 KWG)
  - ....their knowledge of banking theory
  - ....their knowledge of banking practice
  - ...experience of leadership in management (checked by BaFin)

# Requirements and special Features



- Catalogue of obligatory notice to BaFin (Information about big credits, yearly balance, specific saving criteria for data...)
- Monthly Liquidity Notice to BaFin (Specific Minimum Data of Liquidity structured by duration of contract)
- Permanent Supervision according to KWG, e.g. yearly supervision talks
- Adequate own Capital of the Cooperative for Liabilities

# Requirements and special Features



- Risk Management to be focussed: Handbook MaRisk, Structure of the internal Revision, „Washing of Money“, Order of Savings
- Separated Report in the Framework of the yearly auditing process to GdW: Data collection, Valuation and supraenterpreneurial comparision of business figures
- Regular meetings of specific GdW Comittees
- Design of Rooms for Clients: Security requirements (e.g, Cameraras, Tresory...), Service requirements (Consultation Areas, Cash Area..)

# Requirements and special Features



## Example Handbook MaRisk: Contents

- Principles and Requirements for the structure of the Risk Management, e.g. Organisation of Management and Processing (Seperation of Functions,..), Risk Steering/-controlling processes
- Special Requirements to the internal control system and the way of the internal revision (z.B. Categorisation of risks (Loss of Adresses-, risks of the Market price-, risks of liquidity and operational risks))



# Requirements and special Features

- Professional-, social- and service-orientated Competence of staff
- Special Requirements for the Reliability and Confidence of staff (check of reliability)
- Banking + Real Estate experts



*The saving institution is an area of the coop, which needs specific professional and service –orientation of very well trained staff*



# Security Management



- Substantial Strength of the Coop (Value consistency of Real Estate)
- Solid Business Management ( No Speculation Business in the Field of Investment of liquid Funds)
- Activ- and Passiv: Portfoliomanagement; Capital cost-management
- Reports in a complete form (s.a.)
- Membership in a Self-Help Fund for the Securing of Saving Deposits of Housing Cooperatives (founded by GdW)

# Challenges

## **Continuous Optimization / Transparency / Marketing**

.....the main reasons for using the model

- advantage of interest rate
- Security of Money Investment
- Sensible Use of the Funds
- Personal Service / Easy access
- Quality of Consultation



# Challenges

Security, Confidence of saving deposits in a long term way and the secured profit of lucrative interest rates in economically difficult times



# Challenges

## Securing the Economy of the Saving Institution



To meet the Pressure of Interest Rates, which has been created through the orientation of big banks on the middle class and private clients

(New clients have to be found with excellent starting conditions)

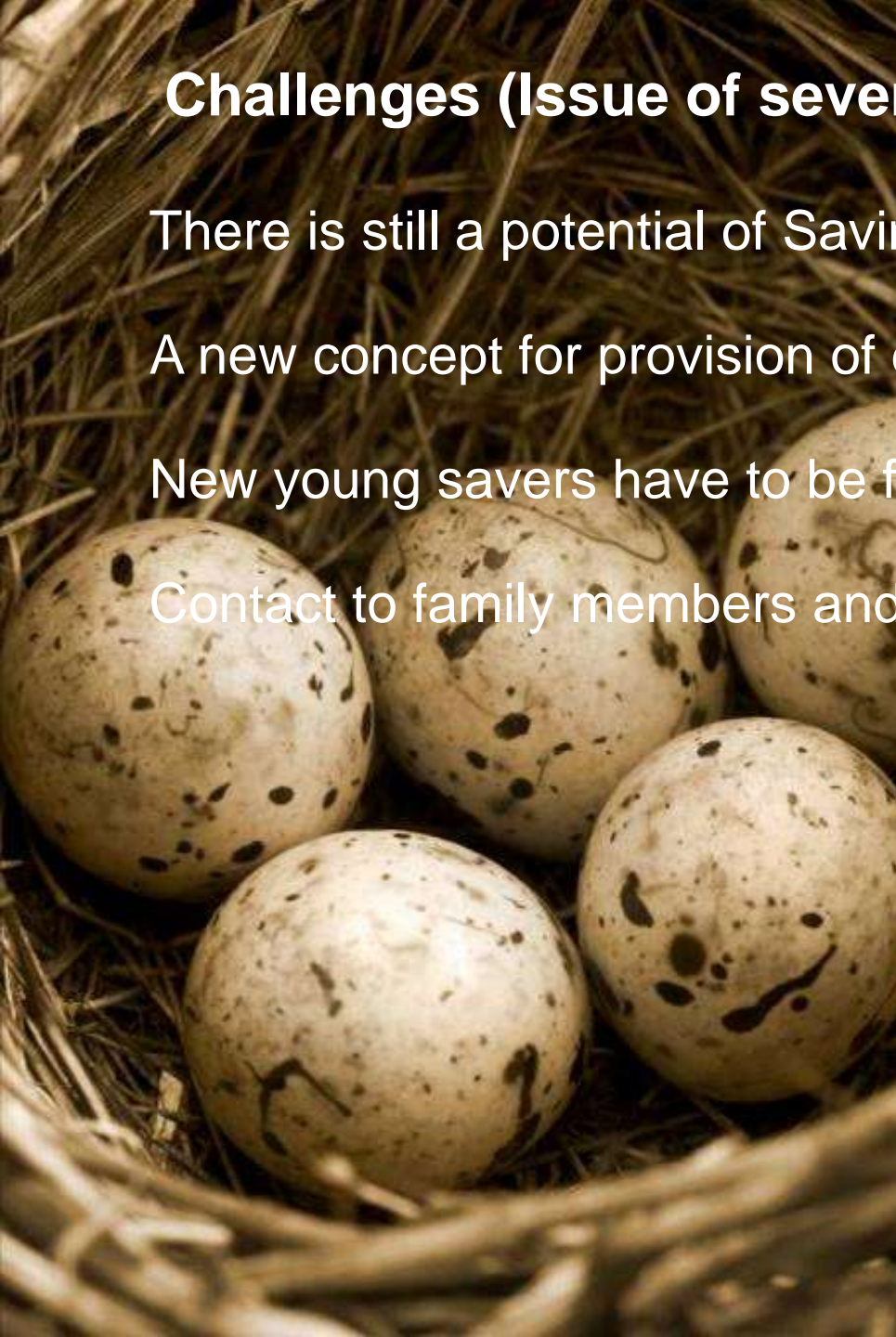
## Challenges (Issue of several generations)

There is still a potential of Saving by our members

A new concept for provision of elderly has to be developed

New young savers have to be found

Contact to family members and heirs



The image features two stacks of Euro coins. The stack on the right is taller and more prominent, showing the top of a coin with the Euro symbol and the word 'EURO'. The stack on the left is shorter and partially obscured. The background is a solid, vibrant blue. The text 'Thank you very much for your interest and attention! !' is centered over the image in a white, sans-serif font.

Thank you very much for your interest and attention! !