Bank deregulation and acquisition activity: the cases of the US, Italy and Germany

Jens Hagendorff, Michael Collins and Kevin Keasey
Leeds University Business School, The University of Leeds, Leeds, UK

Abstract

Purpose – Bank regulators across the world have recently lifted restrictions on where banks can operate and what type of activities they can perform. Following the deregulation of the sector, bank mergers and acquisitions have grown substantially. The purpose of this paper is to outline bank deregulation and acquisition activity, focusing on the USA, Italy and Germany.

Design/methodology/approach – The paper looks at how changes in the regulatory regime of the USA, Italy and Germany have spurred bank merger activities. For each country, future polices that bank supervisors may adopt in order to benefit from a more integrated financial sector are also critically discussed.

Findings – Over the last two decades, supervisors in the USA, Italy and Germany have begun to deregulate parts of their banking industries, thus, sparking a process of consolidation in their national banking sectors that still has not ended.

Originality/value – The paper presents a recent history of deregulation in the USA, Italy and Germany, offering recommendations as to what regulators should do next.

Keywords Banks, Acquisitions and mergers, United States of America, Italy, Germany

Paper type Research paper

1. Introduction

Over the last two decades, mergers and acquisitions (M&A) in the banking sector have seen a sharp increase. The growing M&A activity in various countries has largely been a response to the deregulation of the industry as exemplified by the abolition of geographic restrictions on banks and the demolition of demarcation lines between different types of financial services. This paper discusses the impact of bank deregulation on bank merger activity. Essentially, the argument is that if there are benefits associated with a more integrated banking sector – and the recent conduct of bank regulators in many countries suggests they believe this to be the case – it is an important issue to examine how more M&A and, ultimately, more financial integration can be achieved. In fact, regulators in Germany and Italy have recently encouraged their financial services sectors to speed up integration such that globally competitive credit institutions are created (Financial Times, 2004; The Banker, 2006).

Since, the extent to which individual banking sectors have consolidated to date varies considerably across countries (with important implications for the structure and efficiency of local credit institutions), few general conclusions about deregulation and bank M&A can be drawn from large cross-sections of countries (Barth et al., 2004). This is why this paper focuses on only three banking systems – the US, Italy and Germany. While these countries differ in how they deregulated banking in the past, their banking sectors share a high potential for more consolidation in the near future. The paper highlights the different approaches that regulatory regimes in the USA,
Italy and Germany have taken in tackling problems posed by fragmented and partially inefficient banking sectors. Additionally, specific policy recommendations that are conducive to further consolidation and more integrated financial systems are critically evaluated for each country.

Arguably, the USA provides the clearest example of a casual link between regulatory changes and an unprecedented surge in M&A. However, bank supervisors could promote further merger activities, especially between large and medium-sized banks, by abolishing restrictions on the market share of retail banks and by adopting new capital regulations (i.e. Basel 2). Germany, on the other hand, has maintained many legal obstacles to consolidation, especially consolidation between different kinds of institutions within its three-pillar banking structure (commercial, savings and cooperative banks). To date, there has been no attempt by regulators to privatise the public sector which accounts for the majority of retail deposits.

Finally, Italy has opened up its banking sector to more competition from within as well as from outside its banking system. Despite recent examples of protectionism, Italy’s banking sector has managed to transform itself from a largely state-owned system to a much more dynamic and efficient sector. The successful privatisation of Italy’s once sizable but inefficient savings bank sector may serve as an example for Germany in tackling similar issues in the future. However, in order to stimulate further M&A activity, regulators should consider changing the rigid voting rights that are commonplace in the mutual sector and which prevent demutualisation in this area.

The next section proceeds by briefly discussing why bank regulators are promoting more consolidated banking sectors. This is followed by an analysis of the recent history of deregulation in the USA, Italy and Germany. For each of these banking sectors, there is a subsection on what regulators should do next in order to achieve a more integrated banking sector. General conclusions are drawn in the final section.

2. Why deregulate?
Annual M&A transaction values rose steadily over much of the 1980s and 1990s (Figure 1). As a result of these activities, banking firms have grown larger and market an ever more diverse product range to clients in many more countries (Group of Ten, 2001). While concerns have been raised about the risk that bigger and increasingly more complex financial institutions pose to the stability of financial systems in general and banks’ ability to assess their own risk-taking in particular (Bank for International Settlements, 2006), bank supervisors believe that consolidation causes net gains for a country’s financial sector. M&A lets institutions exploit cost-based synergies (i.e. economies of scale and scope) leading to lower transaction costs, higher market liquidity and, ultimately, better risk diversification. Also, bank mergers absorb excess capacity in the banking system without the negative externalities associated with industry exits through bank failure (Wolgast, 2001; Berger et al., 1999).

More recently, the argument that bank ownership matters has also fuelled support among policymakers to promote further bank consolidation (CEPR, 2005). Specifically, supervisors have become concerned that more foreign bank ownership means a less stable credit supply when foreign banks react more procyclicly to changes in the host country environment than domestic institutions (de Haas and van Lelyveld, 2006; Molyneux and Seth, 1998).
The following sections examine how the changing attitudes of regulators have manifested itself in deregulation in the USA, Italy and, to a lesser extent, in Germany. Future policy initiatives that may further stimulate integration of these still fragmented banking markets are also discussed.

3. The United States
3.1 Historical context
The USA has witnessed the largest share of recent M&A activity in the financial sector[1]. Also, the USA provides what perhaps is the clearest example of a causal link between the deregulation of the banking sector and financial consolidation. Both the unique structure of the USA banking system that had prevailed for much of the twentieth century and its subsequent restructuring – brought about by an unprecedented bank merger wave – can directly be attributed to the regulation of the financial sector.

The Banking Act of 1933, passed in the midst of the Great Depression, restricted both the product mix and the geographical scope of credit institutions. More specifically, the Glass Steagall sections (20, 32) of the Act governed a strict separation of commercial and investment banking – with the only exception of municipal government debt that could still be underwritten by commercial banks. These measures were taken in response to what regulators deemed inevitable conflicts of interest when a bank holds equity of the same firm whose debts it underwrites[2].

Notes: Columns show the total yearly transaction values in bn USD (left scale). Deal values are reported in constant 2004 dollars using the USA CPI. The line represents the number of bank mergers per year (right scale). Transactions are reported with credit institutions as acquirers and credit institutions, life as well as non-life insurers, brokerage and asset management firms as targets. The announcement date of the transaction is employed as the year of the acquisition. Only acquisitions that involve at least 5 per cent of the target and were completed as of May 2005 are included.


Figure 1. Number and value of global bank M&A, 1985-2004
effect that each state had different degrees of restrictions. Legislation generally
discouraged interstate branching and, in some cases, even intrastate branching in
order to limit concentration in the banking sector.

The introduction of bank holding companies (BHCs) in the 1960s offered a loophole
for most credit institutions to overcome the product and geographic specialisations
that regulation had imposed on them. For instance, branches located in different states
could be reorganised as individual bank subsidiaries under a “multi-bank” holding
company. While this led to the creation of a number of regional banks, nationwide
branching did not emerge because of the considerable costs involved for banks which
still had to capitalise each entity separately. Under the organisational framework of the
BHC, banks could also diversify into credit card operations, mortgage lending, and due
to a Supreme Court ruling in 1987, into a limited amount of securities activities[3].

The regulatory framework outlined above led to a banking system with an
unusually high number of institutions operating in a market that is highly fragmented
along regions and financial products (Table I). As this framework was increasingly
abandoned by policymakers during the nineties, the USA financial sector underwent a
dramatic transformation that saw the emergence of both nationwide branching and
universal banking. More specifically, the Riegle-Neal Interstate Banking and Efficiency
Act of 1994 eliminated restrictions on interstate banking and the Gramm-Leach-Biley
Financial Modernisation Act of 1999 repealed the Glass-Steagall type restrictions and,
thus, effectively introduced universal banking to the USA. The next section outlines
how bank regulators in the USA are most likely to stimulate further M&A activities in
the near future.

3.2 Bank deregulation and future M&A activities
Table I reports the present structure of the USA banking system and shows that the
USA continues to have an unusually high number of credit institutions, with many
thrift institutions[4] that are large in numbers but small in terms of the combined value
of their deposits. Thus, retail banking in the USA has remained what, essentially, is a
local rather than a national industry – with high concentration ratios in the provision
of banking services only in densely-populated areas and a role of regulators to promote
more consolidation (OECD, 2003).

<table>
<thead>
<tr>
<th>Categories</th>
<th>Number of institutions</th>
<th>Number of branches</th>
<th>Number of accounts (thousands)</th>
<th>Value of accounts (USD billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial banks</td>
<td>7,865</td>
<td>68,070</td>
<td>N.A.</td>
<td>726.9</td>
</tr>
<tr>
<td>Thrift institutions(^a)</td>
<td>10,900</td>
<td>10,050</td>
<td>N.A.</td>
<td>134.5</td>
</tr>
<tr>
<td>Savings banks</td>
<td>1,970</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Savings and loan Associations</td>
<td>396</td>
<td>N.A.</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td>Total</td>
<td>18,765</td>
<td>78,120</td>
<td>N.A.</td>
<td>861.4</td>
</tr>
<tr>
<td>Branches of foreign banks</td>
<td>281</td>
<td>N.A.</td>
<td>N.A.</td>
<td>10.7</td>
</tr>
</tbody>
</table>

Table I. US banking structure, 2003

Note: \(^a\)Includes savings banks, savings and loan associations, cooperative and industrial banks, and
credit unions
On the whole, the five largest banks owned less than 25 per cent of the industry’s assets in 2003 (Figure 2). Banks with truly national branch structures are slow to emerge, even though two recent mega-mergers[5] created institutions that, for the first time, are about to exceed limits set by regulators on the number of deposits held by any US bank. Regulators should consider lifting these restrictions. In particular, the share of nationwide deposits that a single institution can hold (currently 10 per cent) should be raised while similar restrictions on the share of state deposits (currently 30 per cent) may be kept intact. This would almost certainly spark further merger activities amongst large and very large commercial banks and make nationwide branching a reality for more credit institutions and retail clients.

Should regulators not amend the current deposit ceiling, it is almost inevitable that US top-tier institutions will start engaging in cross-border mergers to maintain their high grow rates of the recent past. At present, it is a peculiarity of the USA system that almost all of its largest banks have virtually no operations abroad. Around half of all foreign assets by the USA banks are owned by Citibank meaning that banks like Wachovia or JP Morgan Chase only have negligible presences abroad.

Most bank M&A activities will incur within the USA and, thus, will mainly involve small commercial banks and thrift institutions. Any regulatory interference aimed at stimulating more M&A would, thus, have to be specifically targeted at these types of institutions. For example, in order to facilitate consolidation among small and medium-sized banks, the adoption of new minimum capital regulations in the USA (i.e. Basel 2) could play a crucial role. It is widely expected that Basel 2 will result in somewhat lower regulatory capital requirements for large institutions that have the infrastructure to measure and manage risk more effectively. If adopted by regulators, Basel 2 will act as an incentive for medium-sized banks to merge into larger institutions that are able to apply the most advanced risk management and measurement techniques and free regulatory capital in the process.

4. Italy

4.1 Recent deregulation of the banking sector

Italy’s banking structure was traditionally characterised by a large number of small local banks, on the one side, and state-owned savings institutions which operated on a...
regional basis and held the majority of retail deposits, on the other. Banca d’Italia, the central bank and bank supervisor, discouraged branch banking in the private sector and maintained a strict institutional separation between banks engaging in short- and long-term lending. These regulatory practices, which dated back to the 1930s, created a banking system in which numerous small institutions competed on a local and – since savings banks could engage in a limited form of branching – to some extent on a regional basis.

In preparation for the adoption of the euro, the Italian banking sector with its many branchless and uncompetitive institutions underwent profound changes during the 1990s: The Banking Act of 1993 permitted the formation of BHCs, abolished the separation between short- and long-term finance, and introduced a restricted form of universal banking whereby credit institutions are allowed to hold commercial interests as high as 15 per cent in non-financial companies.

Simultaneously, the Italian Government reduced the share of government-owned or government-controlled banking assets from 70 to 12 per cent between 1993 and 1999 (Heffernan, 2005, p. 269). The privatisation programme which brought this about led to substantial consolidation amongst savings banks and the subsequent formation of large commercial banks like Banca Commerciale and UniCredito Italiano – Italy’s largest bank by assets in 2006. Table II outlines the present structure of the Italian banking system and demonstrates that savings institutions continue to be a vital part of the banking sector.

### 4.2 Future M&A and the role of regulators

Italian credit institutions remain small and concentration ratios low (Figure 2) by international standards. Much of M&A activities in the future will, thus, concentrate on the many small and medium-sized banks that still characterise this banking sector. Next to commercial banks, cooperative banks have come under increased pressure to realise cost savings through M&A.

Following the departure of the Bank of Italy’s Governor in 2005 over allegations he was blocking two foreign takeover bids for Banca Populare di Lodi and Banco Antonia Populare Veneta, the attitude of the bank towards consolidation has somewhat changed. Until then, consolidation of Italy’s still fragmented financial services industry was seriously hampered by the Bank of Italy’s dislike of hostile takeovers. The bank had a history of blocking takeovers which were not supported by the management of the target institution. However, the new central bank governor and Italy’s recently

<table>
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<tr>
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<th>Number of institutions</th>
<th>Number of branches</th>
<th>Number of accounts (thousands)</th>
<th>Value of accounts (EUR billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit institutions and post office</td>
<td>728</td>
<td>44,581</td>
<td>36,546</td>
<td>540.5</td>
</tr>
<tr>
<td>Of which post office</td>
<td>1</td>
<td>14,170</td>
<td>3,563</td>
<td>N.A.</td>
</tr>
<tr>
<td>Savings banks</td>
<td>48</td>
<td>3,425</td>
<td>N.A.</td>
<td>117.4</td>
</tr>
<tr>
<td>Total</td>
<td>729</td>
<td>44,680</td>
<td>36,546</td>
<td>540.5</td>
</tr>
<tr>
<td>Branches of foreign banks</td>
<td>61</td>
<td>91</td>
<td>27</td>
<td>2.5</td>
</tr>
</tbody>
</table>

**Table II.**

Banking structure in Italy, 2003

**Source:** Bank for International Settlements (2004). Number of savings banks from Association of Italian Savings Banks
elected centre-left government have recently told commercial banks to consolidate or, otherwise, face foreign takeovers.

Regulators are likely to promote further consolidation by maintaining this stance. The positive effects of this new regulatory regime have already become obvious when SanPaolo and Intesa IMI announced a €74 billion takeover in 2006 – a deal that would have been very difficult to materialise under previous bank governors. Unicredito as well as other large banks are likely to respond with their own acquisitive growth strategies very soon.

Further, in order to facilitate more integration, it may also be a good idea if the veto powers that the central bank governor possesses – the cause of much protectionist behaviour in the recent past – were either restricted to cases where definite antitrust issues arise due to the size of the banks involved or, alternatively, were transferred completely to the Italian Antitrust Authority.

In order to encourage M&A activities amongst Italy’s large mutual sector (branche popolari), regulators should also tackle the rigid statues and voting rights that currently prevent demutualisation and greater efficiency in this industry. For example, mutual banks which account for about 40 per cent of the retail sector (by value of the deposits) can only be acquired if they put themselves up for sale. However, rigid voting procedures in the mutual sector, where each shareholder has only a single vote regardless of the size of the underlying shareholding, mean that smaller shareholders (who would lose their over-proportional influence) tend to block demutualisation and, thus, consolidation of the industry.

The next section turns to a similar banking system which, in contrast to Italy, has not begun to reform its sizable public sector and maintains strong demarcation lines between private and public sector banks.

5. Germany

5.1 Historic context

Germany’s bank structure is multi-layered and exhibits a sizable public sector next to commercial and cooperative banks. Germany is the most fragmented banking market in Europe (Figure 2). As Table III reports, less than 20 per cent of the number of credit institutions are classified as commercial banks, while cooperative and rural banks make by far the largest contribution to the overall number of credit institutions.

<table>
<thead>
<tr>
<th>Categories</th>
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<th>Number of accounts (thousands)</th>
<th>Value of accounts (EUR billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit institutions</td>
<td>2,295</td>
<td>46,693</td>
<td>84,265</td>
<td>631.5</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial banks</td>
<td>397</td>
<td>16,254</td>
<td>16,765</td>
<td>265.8</td>
</tr>
<tr>
<td>Savings banks</td>
<td>502</td>
<td>15,830</td>
<td>40,900</td>
<td>241.0</td>
</tr>
<tr>
<td>Cooperative and rural banks</td>
<td>1,396</td>
<td>14,609</td>
<td>26,600</td>
<td>124.7</td>
</tr>
<tr>
<td>Branches of foreign banks</td>
<td>121</td>
<td>144</td>
<td>N.A.</td>
<td>7.9</td>
</tr>
</tbody>
</table>

Note: aIncludes big banks, regional banks and other commercial banks, branches of foreign banks, mortgage banks and banks with a special function


Table III. Germany’s institutional framework, 2003
The prevalent role of the public sector in Germany is illustrated by the position of savings banks as market leaders in retail banking (by number of accounts).

Under German banking law, institutions have traditionally faced few restrictions on their cross-holdings with commerce and on the blending of commercial banking and securities activities. The only exception is a relatively strict institutional separation between banking and insurance which, however, can be easily circumvented through the use of strategic alliances and cross-shareholdings. Thus, the big four private sector banks (Deutsche Bank, Dresdner Bank, Hypo-Vereinsbank (now part of the Unicredit Group), and Commerzbank) are true universal banks.

M&A activity amongst private sector institutions was virtually non-existent during the last decade. By contrast, regulators managed to start a wave of consolidation involving public sector institutions. This was because in 2005 savings banks (Sparkassen) and their wholesale partners, the state banks (Landesbanken), lost the government guarantees of their liabilities that had helped them become so popular. Savings banks, thus, had to streamline their operations in preparation for a new era when the financial soundness of their institutions would determine credit market access. Particularly for savings banks with few branches, consolidation is inevitable to achieve much-needed cost savings by expanding their reach beyond what in many cases is not more than a small municipality.

At state level, there has been some consolidation amongst Landesbanken when Landesbank Hamburg and neighbouring Landesbank Kiel announced to merge into HSH Nordbank in 2004. Similarly, WestLB is said to be interested in acquiring some of the smaller state banks like Bankgesellschaft Berlin, Bremer Landesbank – and possibly even HSH Nordbank. It is a widely-held view that, following the end of state-backed funding, the number of Landesbanken will be reduced from 11 today to 3 or 4 over the next few years.

However, as indicated before, large parts of the German banking sector have remained unreformed over the last decades. The final section examines how future bank deregulation could help to promote more M&A activities.

5.2 Deregulation and bank M&A in the future

In the near future, acquisitions of savings banks by Landesbanken as well as mergers between private and the public sector banks are potential forms of consolidation. While public sector banking assets tend to be held by municipalities, with many reluctant to let go the political influence attached to them, local governments are feeling increasingly pressured to raise money through the privatisation of savings institutions. While the first high-profile attempt to privatise a savings bank has been blocked by a state court in 2003, the city of Berlin may prove to be an interesting case in 2007 when Bankgesellschaft Berlin (which also owns a local savings bank) will have to be sold as a result of the EU Commission’s earlier approval of a public bailout package in 2004.

Regulators in Germany could potentially bring about a massive wave of merger activity between commercial and savings banks should they embark on the privatisation of the Sparkassen sector. Commercial banks have repeatedly expressed interest in acquiring savings banks to bolster their small share of the retail market. However, any change to Section 40 of the German Banking Act requires a consensus between state governments (which own savings banks) and the federal government (that regulates them).
At the moment, the federal government opposes privatisation for fears that access to bank finance for the economy’s sizable SME sector might suffer as a result. Nonetheless, it is widely expected that these restrictions will fall in the medium term.

Unlike their counterparts in the USA or Italy, bank supervisors in Germany have never openly frowned upon consolidation and increasing concentration in the commercial banking industry. However, in order to encourage mergers in the private sector, which hitherto have almost been nonexistent, regulators should make it very clear that there is no alternative to M&A in order to form globally competitive credit institutions and that they do not intend to “rescue” banks from foreign bidders. It has to be pointed out in this context that the substantial job cuts necessary to reduce the overcapacity in retail banking are likely to meet public resistance. This is one of the reasons why the type of large-scale bank mergers necessary to achieve savings will face additional obstacles in the near future. After all, the memory of the ill-fated merger attempt between Deutsche and Dresdner Bank in 2000 which failed, among other reasons, because of the trade unions’ opposition to the substantial redundancies that had been announced is still fresh.

6. Concluding remarks
Banking is different from the provision of other goods and services. It is about financing economic activity and, thus, of paramount importance not only to bank regulators. Over the last two decades, supervisors in the USA, Italy and Germany have begun to deregulate parts of their banking industries, thus, sparking a process of consolidation in their national banking sectors that still has not ended.

This paper examines the role of deregulation in stimulating M&A activities of banking firms recently and in the near future. These issues are examined separately for the USA, Italy and Germany because deregulation has taken different forms across these countries and any future steps that regulators embark on will have to be viewed against the light of existing differences in banking systems and regulatory practices. To reap the benefits associated with a more integrated banking system, further deregulation is necessary in Italy and, most importantly, in Germany. Specifically, regulators in Italy may stimulate integration among mutual banks and the rest of the financial sector by removing rigid voting rights that award each shareholder one vote regardless of the value of the shareholding. However, the restructuring of Italy’s fragmented savings institutions is widely-viewed as a success that may prove to be a model case for Germany. In 2005, Unicredito of Italy, itself the result of a series of mergers involving former savings banks, acquired Germany’s second largest commercial bank (HVB), demonstrating the transformation of Italian banking from a system once characterised by small and inefficient institutions.

Germany has perhaps the greatest potential for bank M&A due to a largely unreformed public sector. The privatisation of the savings banks, in particular, would spark a wave of bank mergers between different types of credit institutions once demarcation lines between public and private sector banks have been demolished. Finally, the USA may see further consolidation should regulators adopt Basel 2 and lift restrictions on the share of national deposits that credit institutions can presently hold.

While this paper highlights the role of regulators in increasing the volumes of bank M&A, it should not be left unmentioned that there are also definite limits to what regulators can achieve. In Italy, and even more so in Germany, union power and
unfavourable public opinion towards the redundancies associated with large-scale bank mergers obstruct many policy initiatives aimed at further deregulation of banking. This problem is further aggravated if, as in the cases of Germany and Italy, bank finance is a very important source of external finance for local companies and policymakers are worried that a more concentrated banking sector hinders SME access to bank credit. In these countries, a public debate spelling out the advantages of a more integrated financial system will have to precede any drastic policy measures. It is in this role that bank supervisors, particularly in Germany, are most likely to make an impact before regulators can lead the way to further bank consolidation.

Notes


2. According to this view, it is assumed that banks and their clients may collude when selling corporate debt issues to the public. Banks may be inclined to back non-performing loans of problem borrowers by underwriting debt issues that capitalise on information asymmetries between them and the public regarding the creditworthiness of a borrower. However, the empirical evidence of this moral hazard problem is weak (Kroszner and Rajan, 1994).

3. The Supreme Court ruled in 1987 that Section 20 of the Glass Steagall passage does not apply to the securities operations of commercial banks. In return, the Federal Reserve Bank permitted so-called “Section 20 subsidiaries” to engage in investment banking provided these activities did not exceed 5 per cent of a BHC’s revenue. This limit on the security activities of banks was raised to 10 and, again, to 25 per cent in 1996, before legislation in the late 1990’s abolished it altogether.

4. Thrifts comprise institutions like savings banks, savings and loan associations, cooperative and industrial banks, as well as credit unions.

5. The takeover of Bank One by JP Morgan Chase in 2004, which combined JP Morgan Chase’s strengths in investment and retail banking in the northeast with Bank One’s commercial banking presence in the Midwest, and the Bank of America – Fleet Boston merger one year earlier created two of the largest US banks.

6. These guarantees come in the form of Anstaltslast (obligation to maintain an institution’s solvency) and Gewährträgerhaftung (statutory ultimate guarantee obligation). The guarantees were abolished in response to pressures from the European Commission that regarded them as illegal state aid. See ECB (2002, p. 49).

7. In December 2003, Stralsund City Parliament decided to examine the possibility of selling the local Sparkasse to private investors. This decision was later overturned by a ruling of the highest state court which maintained savings banks ought to be committed to “public welfare” and, thus, cannot be privatised.

8. The Ministry of Finance has intervened and reminded local authorities that private sector banks are not use the Sparkasse-brand – and, thus, cannot bid the public sector banks – a position clearly at odds with EU competition laws.

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Further reading


Corresponding author

Kevin Keasey can be contacted at: kk@lubs.leeds.ac.uk

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