



Arbeitsgemeinschaft  
Baden-Württembergischer  
Bausparkassen

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# Bausparen – A system invented in Baden-Württemberg and exported to Europe and the world

Université Paris 1 Panthéon-Sorbonne  
Séminaire „Contrôle – Audit – Finance“

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Stuttgart, May 8th 2014  
Jens Kuderer, LL.M.

Schwäbisch Hall   
Auf diese Steine können Sie bauen

  
Deutsche Bausparkasse  
BADENIA

  
LBS  
Bausparkasse der Sparkassen

  
wüstenrot

## Members of the Arbeitsgemeinschaft Baden-Württembergischer Bausparkassen (ARGE)



Bausparkasse  
Schwäbisch Hall AG



Wüstenrot  
Bausparkasse AG



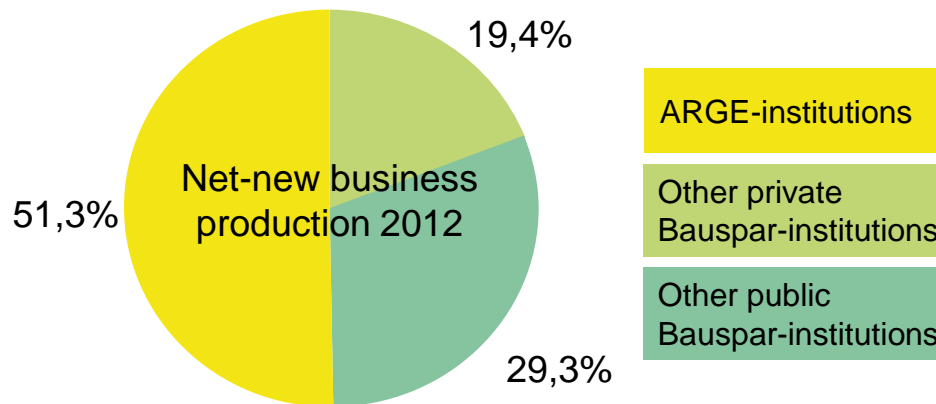
LBS Landesbausparkasse  
Baden-Württemberg



Deutsche Bausparkasse  
Badenia AG

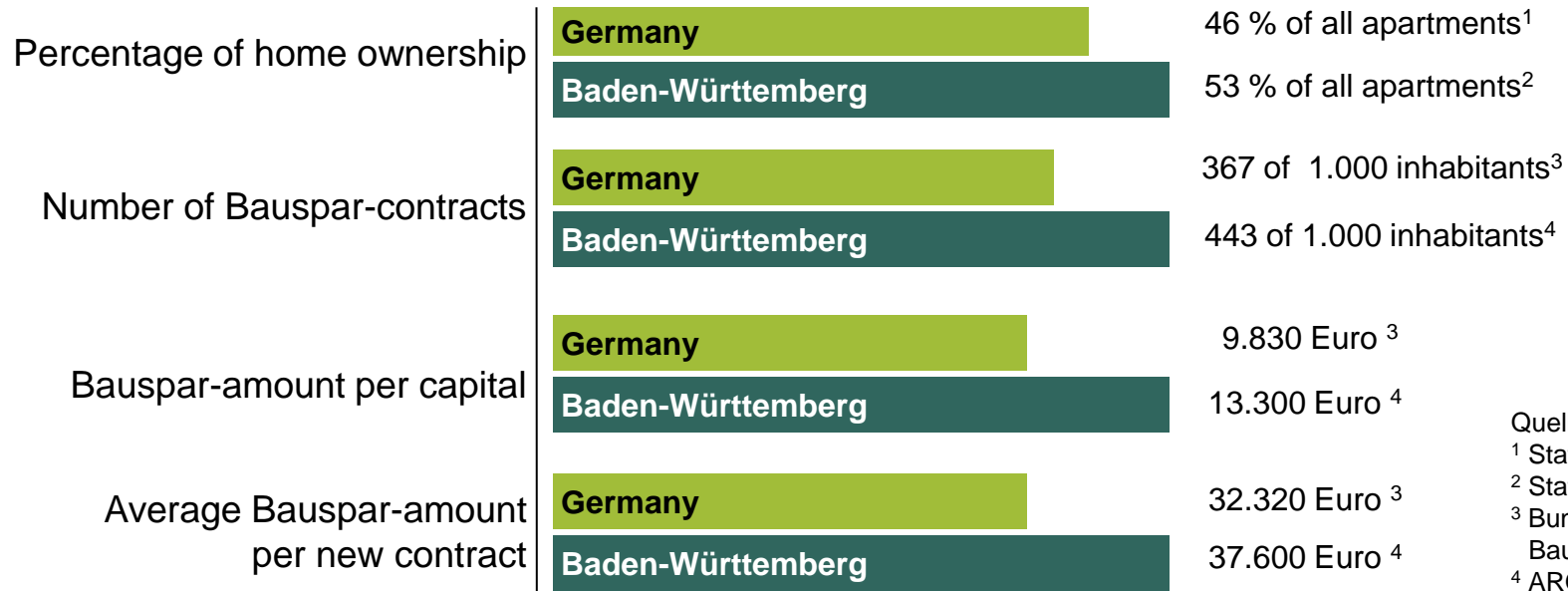


The institutions forming the ARGE represent more than 50 % of the German bauspar-market and employ about 10.000 members of staff in Baden-Württemberg




The Arbeitsgemeinschaft Baden-Württembergischer Bausparkassen is concerned with issues directly or indirectly relevant for home ownership as an element for stable asset accumulation, retirement provision and social stability

## Bausparen is a significant element of private financial capabilities in Germany



Quellen:  
1 Stat. Bundesamt  
2 Stat.Landesamt  
3 Bundesverbände  
Bausparkassen  
4 ARGE



Home ownership is probably the widest spread and socially best balanced form of wealth in Germany. This is the result of a well established financial culture which doesn't look for „quick wins“ but is aimed at long lasting and stable values

## Example:



Ten potential home owners, each of them  
is able to save 10,000 € p.a.



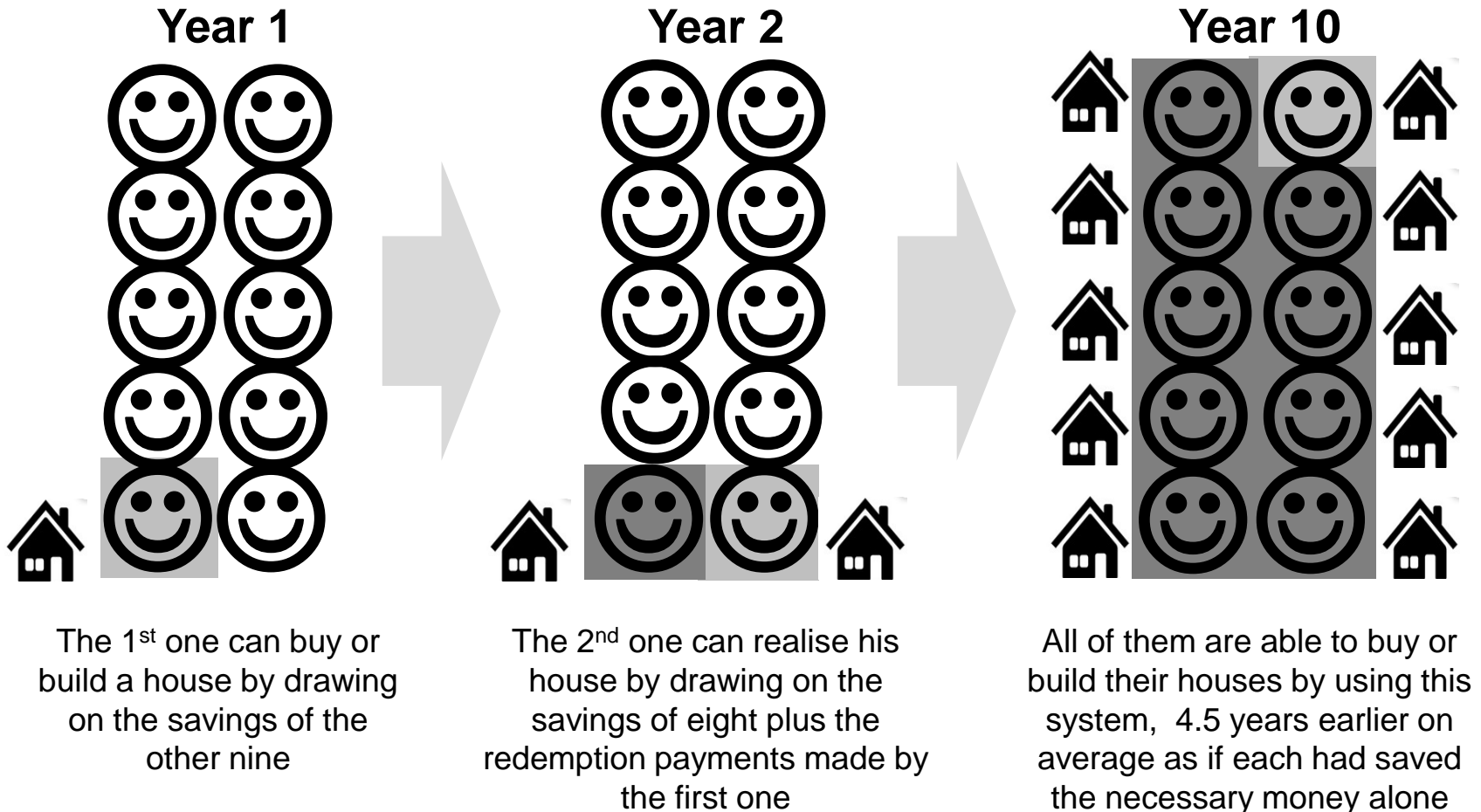
Costs for one house  
are 100,000 €



If every potential home owner saves only for his own house,  
it takes each of them ten years, until they have enough  
money to built it

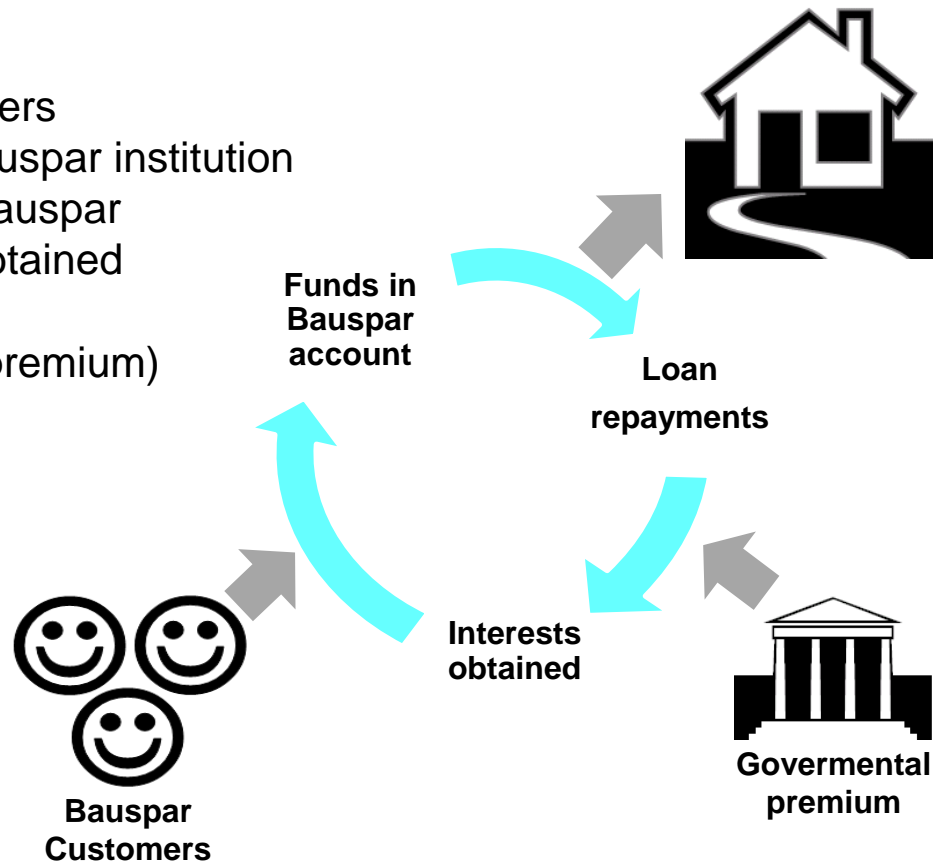
## Example:

Potential home owners pool their money in a common fund

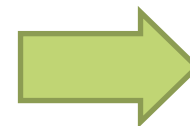


## Self enclosed system

- Deposits of the Bauspar customers
- Deposit interests paid by the Bauspar institution
- Repayment amounts of those Bauspar customers, who have already obtained a loan
- Possibly Government subsidy (premium)

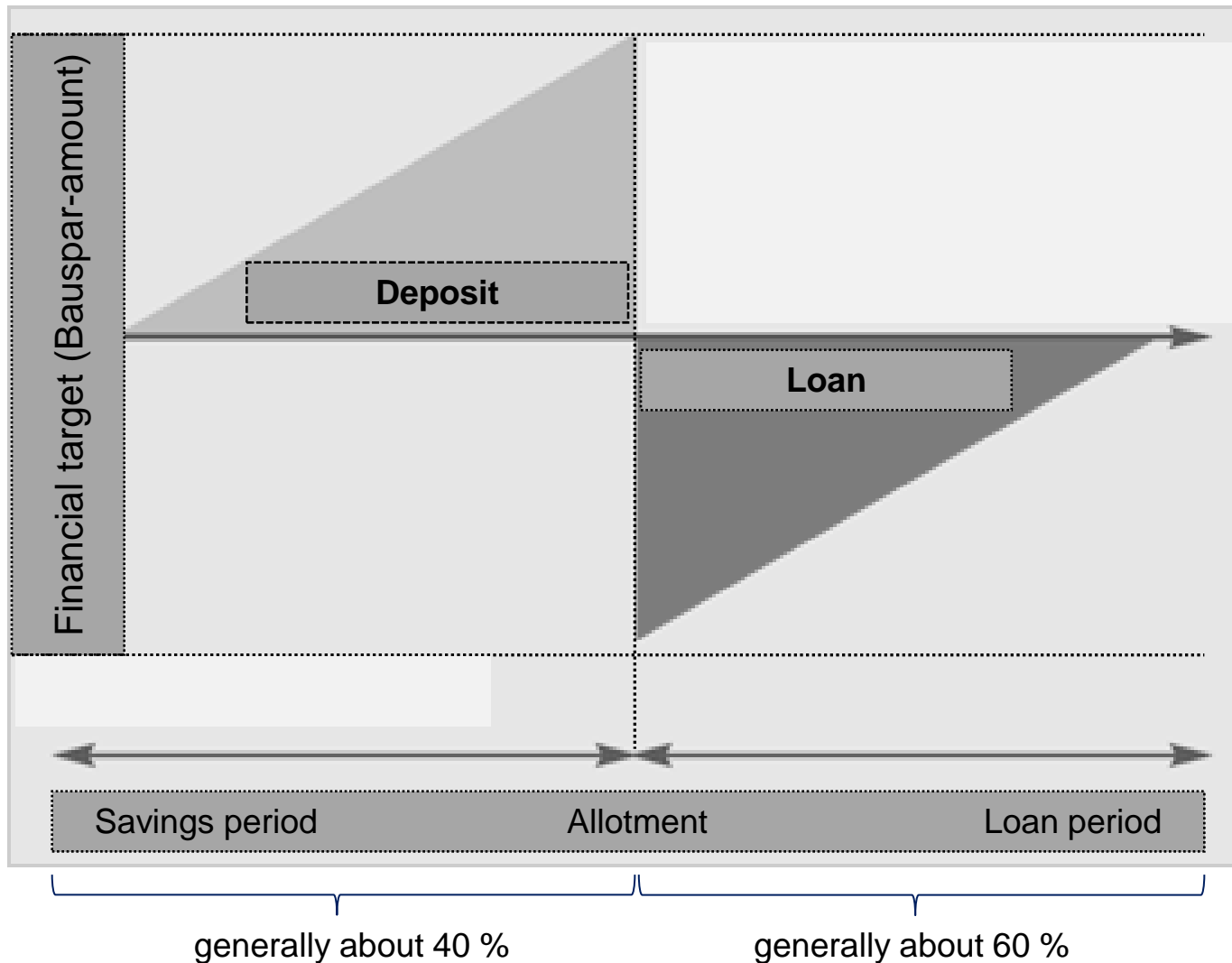


**All deposits and repayments made flow into one fund from which in turn new loans are issued**



**Guarantees sustainability and independence**

# The architecture of a Bauspar-contract



# About 90 years ago the first Bausparkasse was founded

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- 1924 Foundation of the first Bauspar-institution, the “Bausparkasse der Gemeinschaft der Freunde Wüstenrot” in Baden-Württemberg
- Till 1931 Founding phase of the majority of German Bauspar-institutions
- 1991 Amendment of the Bauspar Institutions Act allows operations in other countries

Drawing of the Bauspar-customers who will get the money to build their houses (allotment) in the 1920's in Wüstenrot





Relevant for the allotment is to reach the „Bewertungszahl“ (evaluation figure)

Calculation of the Bewertungszahl (BZ):

$$BZ = \frac{200 \times TB}{D / 1000 + ZF \times D \times D / (SHS + 3 \times G)}$$

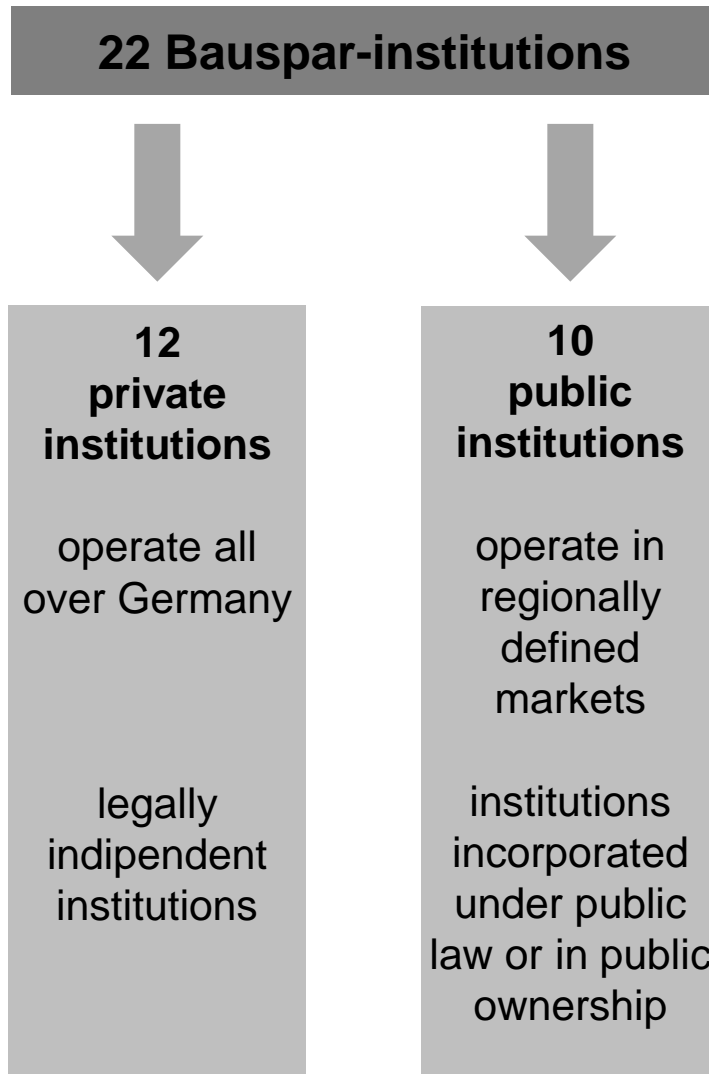
TB = Tilgungsbeitrag

D = Differenz Bausparsumme / Bausparguthaben

ZF = Zinsfaktor

SHS = Summe Habensalden

G = Bausparguthaben



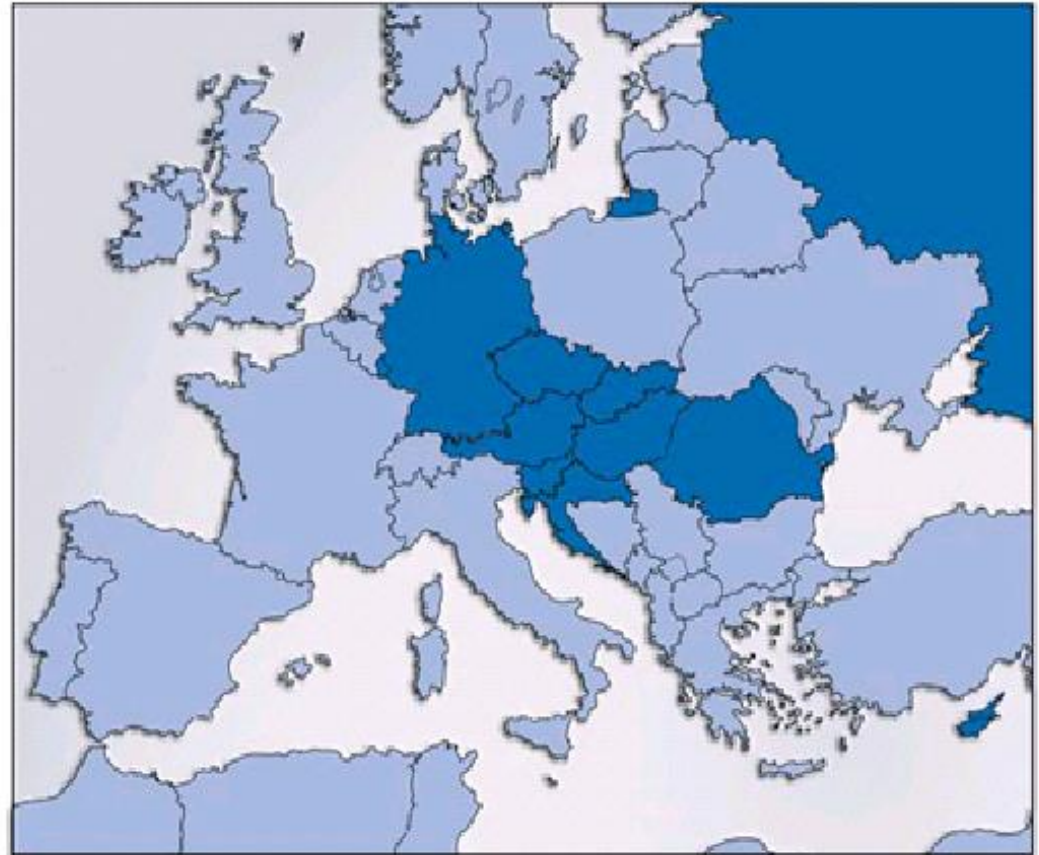
- 30 mill contracts
- 824 bn € Bauspar-amount
- 33 bn € payment of building capital (deposits and loans) in 2012
- The average Bauspar-amount is 30,000 – 40,000 €

## Countries in Europe already working with the Bauspar-system

- Germany
- Austria
- Slovakia
- Czech Republic
- Hungary
- Romania
- Slovenia
- Croatia
- Luxemburg
- Belgium (special conditions)

## First steps Interested

- |              |               |
|--------------|---------------|
| ▪ India      | ▪ Russia      |
| ▪ China      | ▪ Peru        |
| ▪ Kazakhstan | ▪ Ecuador     |
|              | ▪ Chile       |
|              | ▪ Vietnam     |
|              | ▪ Thailand    |
|              | ▪ Chile       |
|              | ▪ Switzerland |



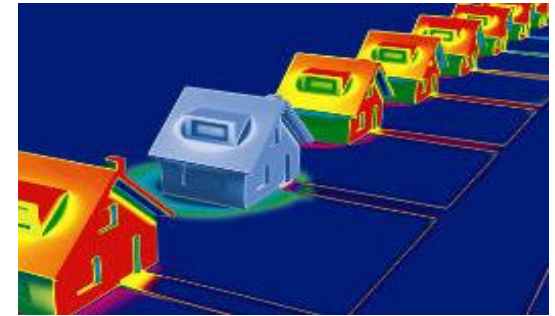
# Differences between the US-Loan system and the Bauspar -system

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<b>US-Loans</b>	<b>Bausparen</b>
100 % mortgage + up to 20 % on top	Conservative mortgage limit (usually 80 %)
No equity required	Equity required
Volatile interest rates	Fixed mortgage interest rate till the loan is paid back completely
Customers without sustainable financial capability get loans	The customer has proven his financial capability during the savings phase
Low requirements on the solvency of the institutions	Governmental supervision and strong restrictments

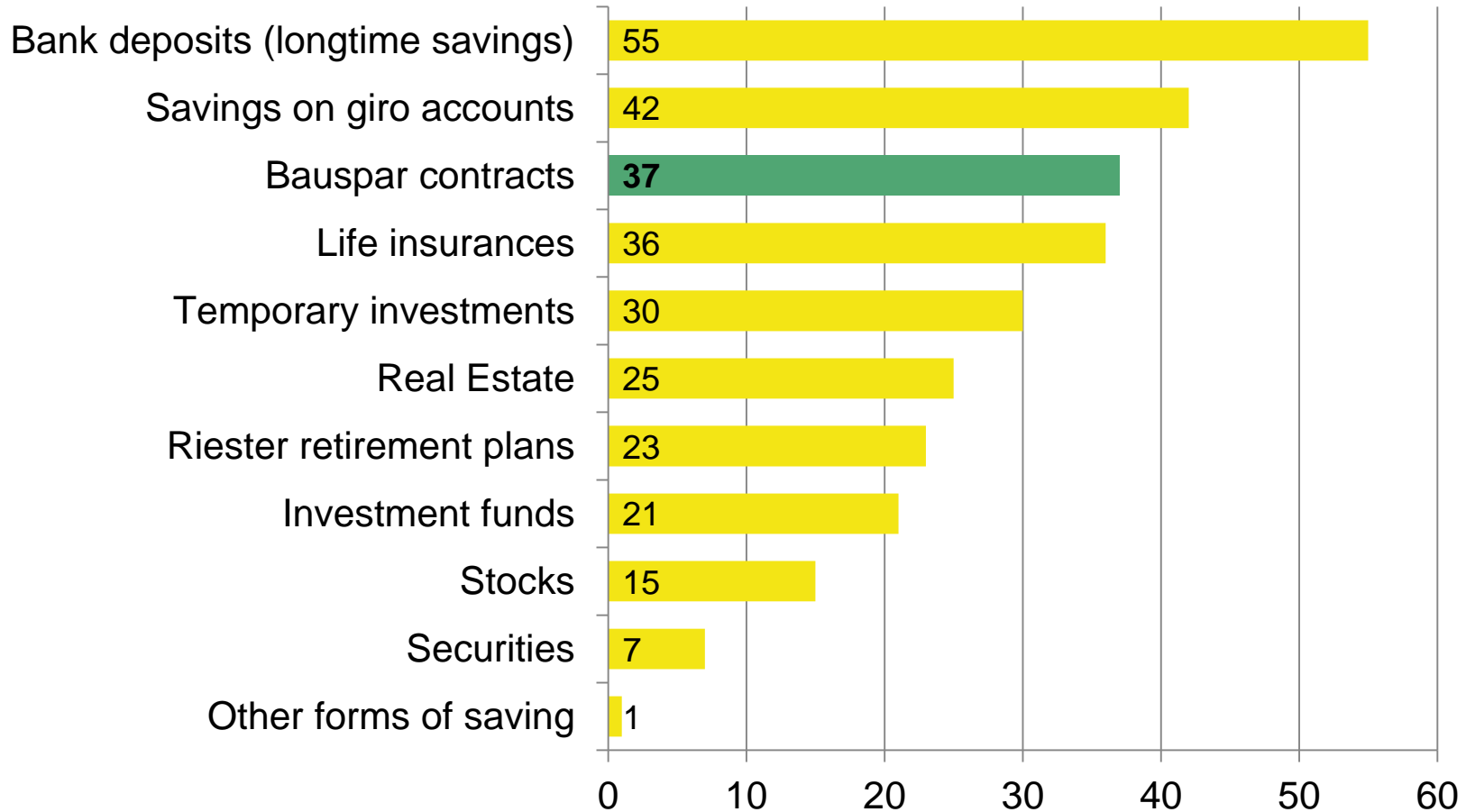
## Bausparen is more than buying or building houses:

- Accumulation of capital assets
- Securing the value of wealth by investing in real estate, especially in times of inflation
- Energy efficient refurbishment
- Retirement provisions by
  - Owning a house (no costs for rent)
  - „Wohnriester/Eigenheimrente“ – Bauspar-contracts with governmental incentives especially for private pension provisions
- Additional income from rent
- Bildungssparen – Using the Bauspar-contract to finance academic studies (in Austria only)



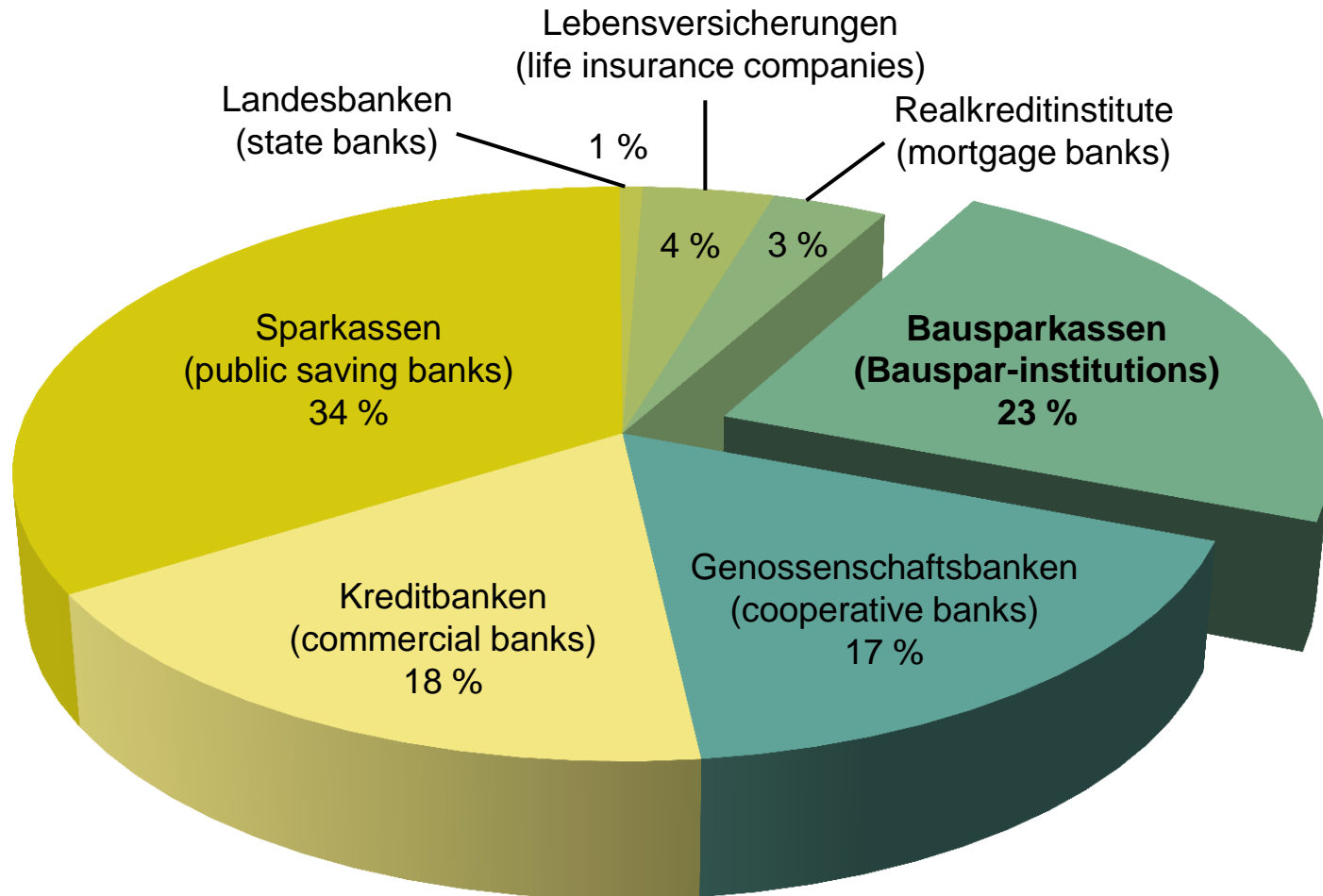
However, the Bauspar-regulations limit the usage of Bauspar-contracts to certain purposes usually related to housing (e.g. Bauspar-loans can't be used to purchase a car or for travelling)

## Funds of German citizens 2013



Quelle: Prof. Dr. Christian Klein, University of Kassel  
tns Infratest; Verband der privaten Bausparkassen

## Marketshare for house-financing 2012



Source: Verband der privaten Bausparkassen;  
Other associations; Prof. Mechthild Schrooten, University of Bremen

# One can't expect low risk and high returns simultaneously

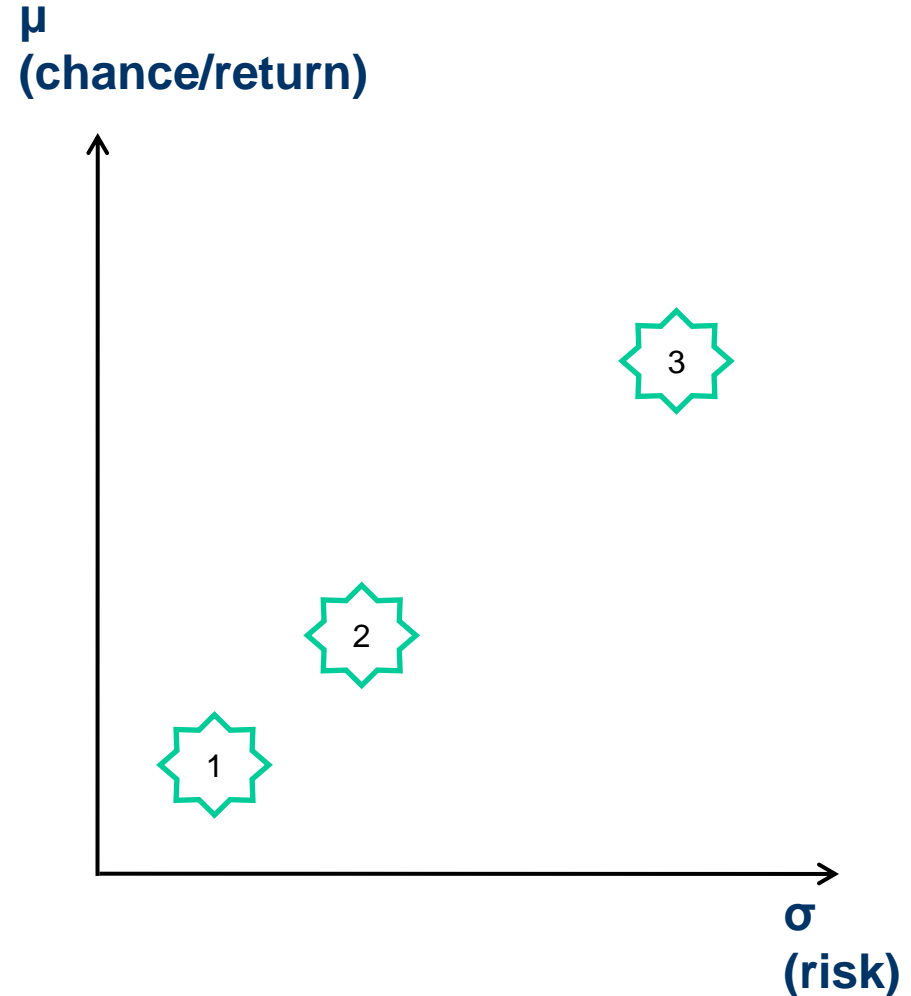
## Convention:

The higher the return,  
the higher the risk

respectively

The lower the risk,  
the lower the return

1. Loan and Bauspar-contract
2. Real-estate-credit
3. Loan and stocks



Source: Prof. Dr. Christian Klein,  
University of Kassel



Any questions?

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