



# **Contractual Savings for Housing „Bausparen“**

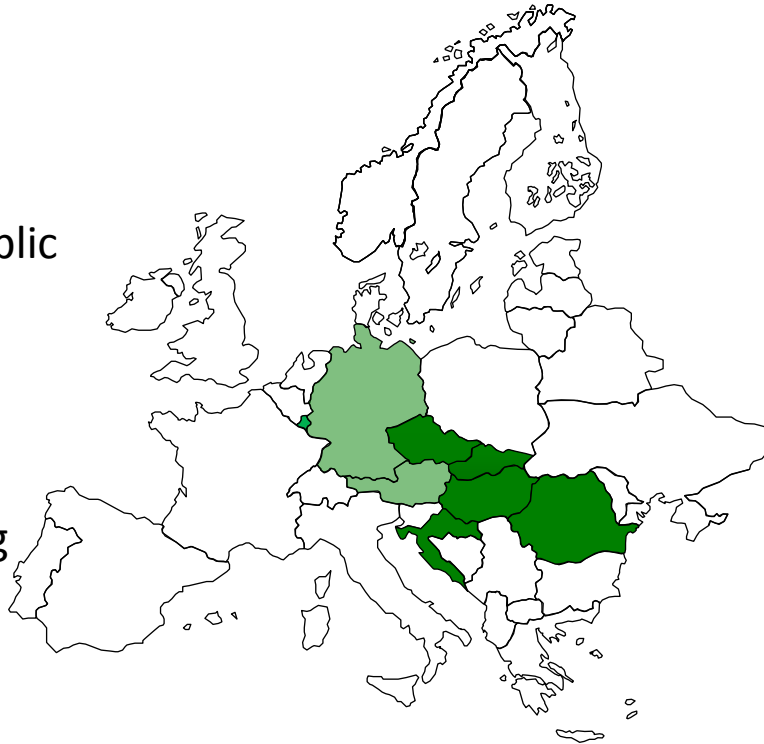
## **A Proven System of Housing Finance**

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of the  
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Brussels, Belgium

# Bausparen in the world

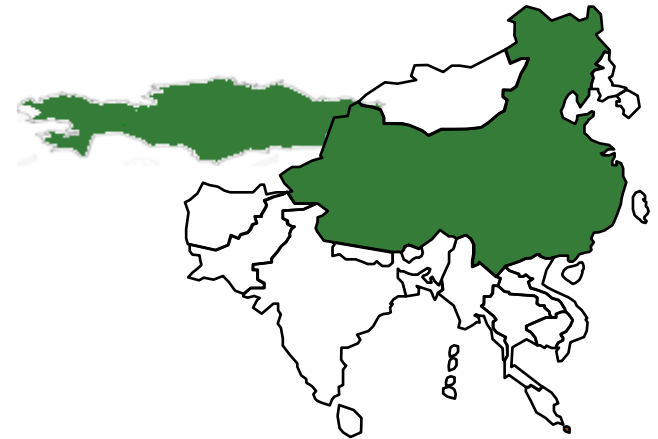
## Implemented in

- Austria
- China
- Croatia
- Czech Republic
- Germany
- Hungary
- Kazakhstan
- Luxembourg
- Romania
- Slovakia



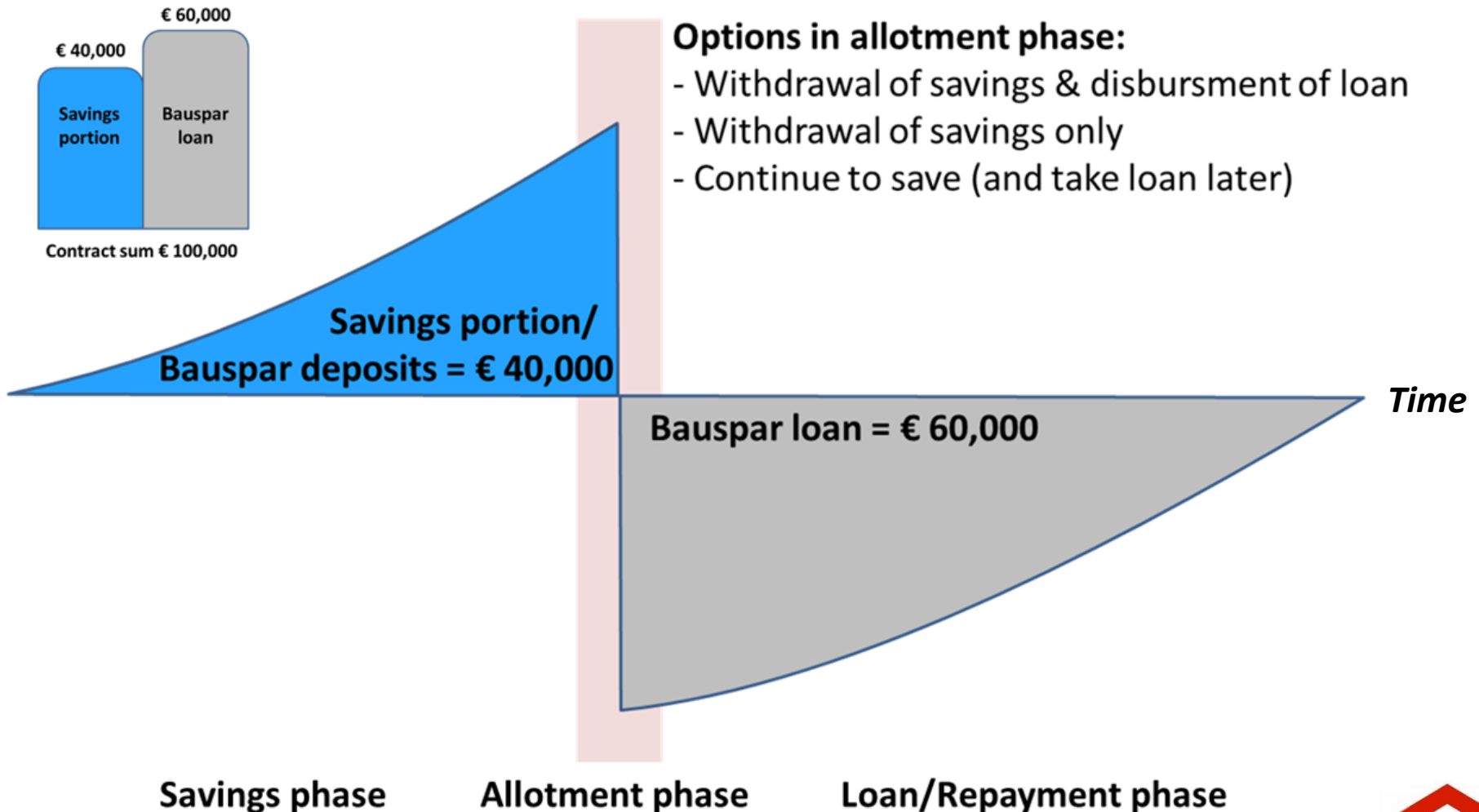
## Under discussion in

- Russia
- Poland
- Belarus
- Azerbaijan
- Armenia
- Vietnam
- Thailand
- Nigeria
- Chile
- Switzerland

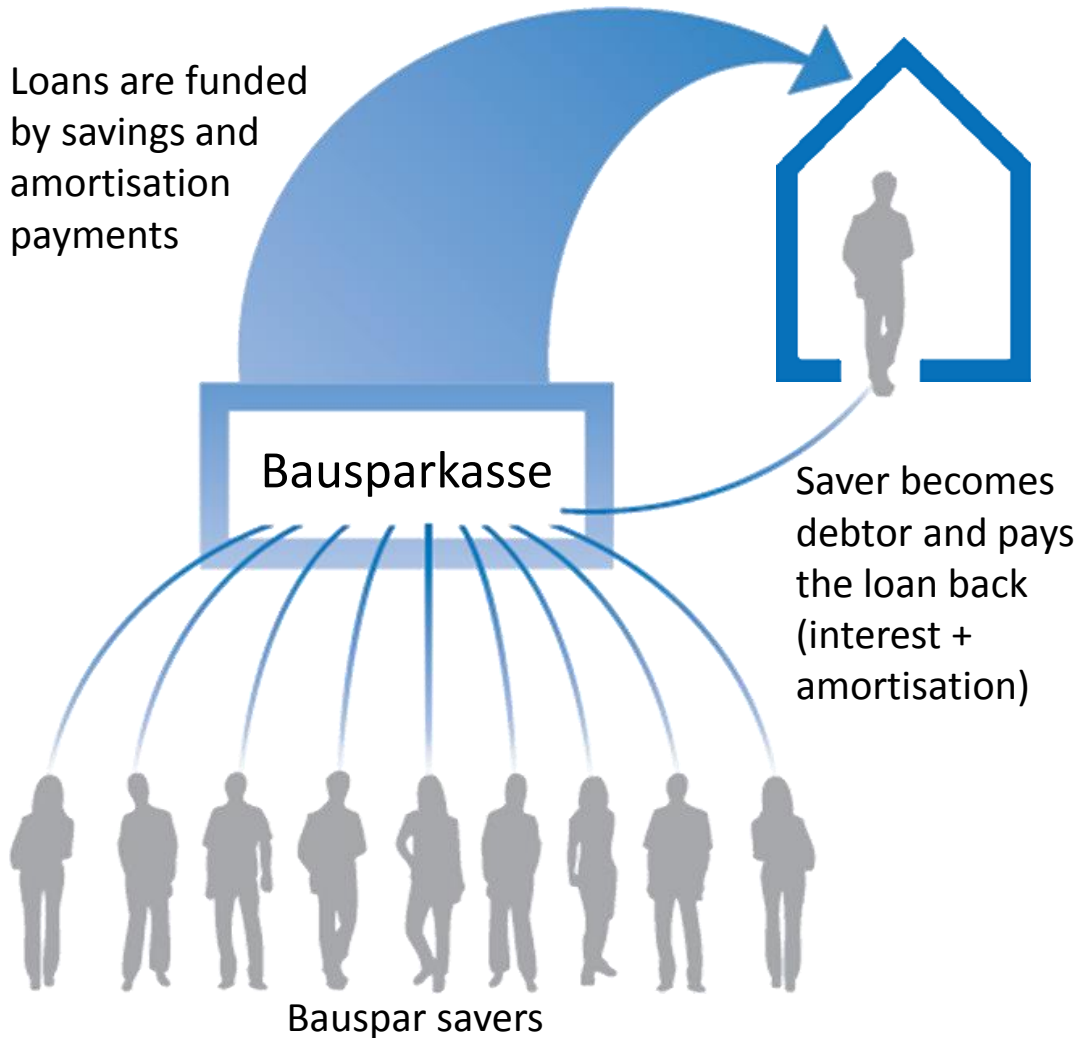


**The interest in Bausparen increased after the global financial crisis**

# Bausparen: how it works



# Bausparen: the basic idea

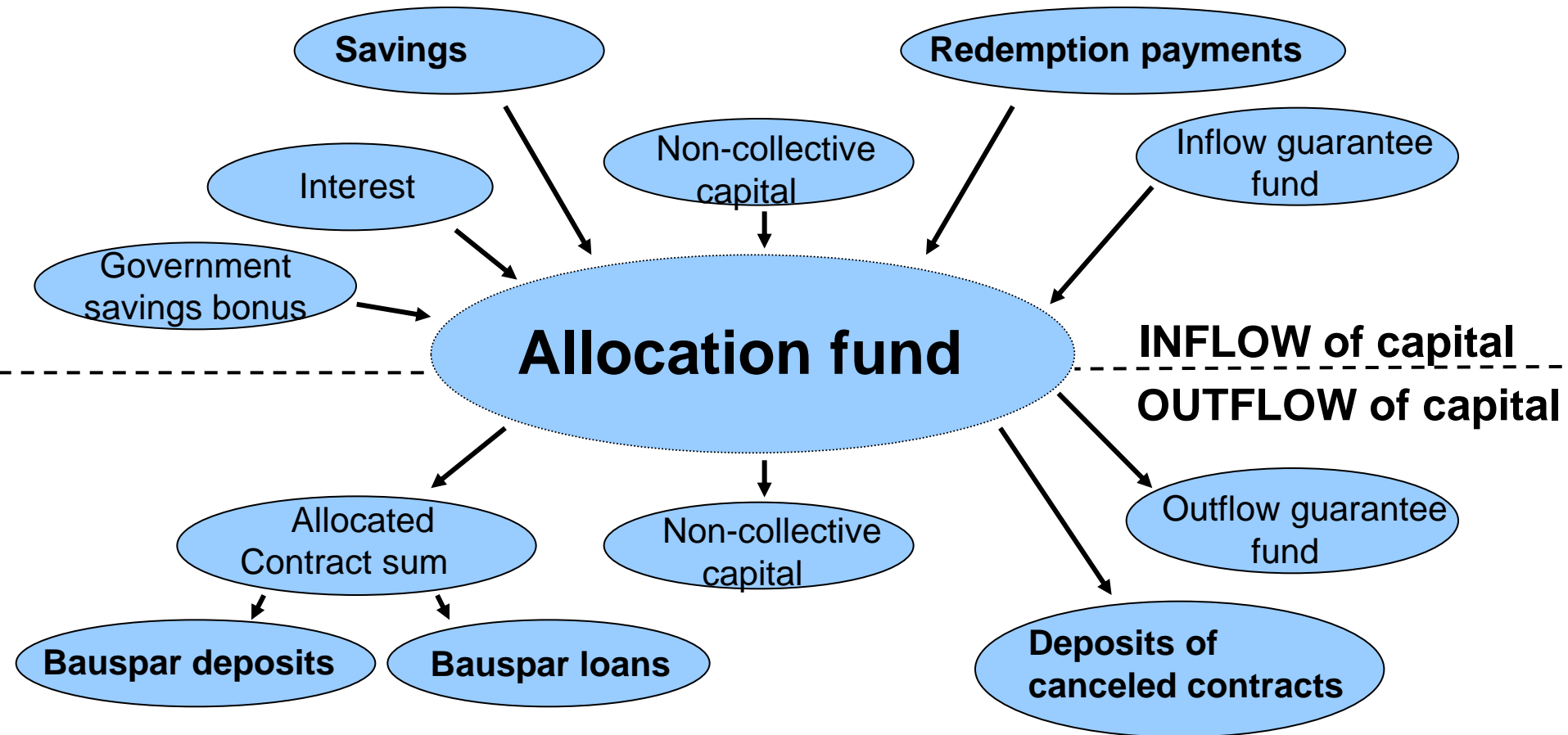


Loans are funded only by savings and amortisation payments → closed circuit

Special regulation and tight supervision

Excess liquidity can be invested only within narrow limits (gilt-edged investments) → safety is the top priority.

# Management of the collective: key to success



# Bausparen: the advantages

## Unique selling point of Bausparen:

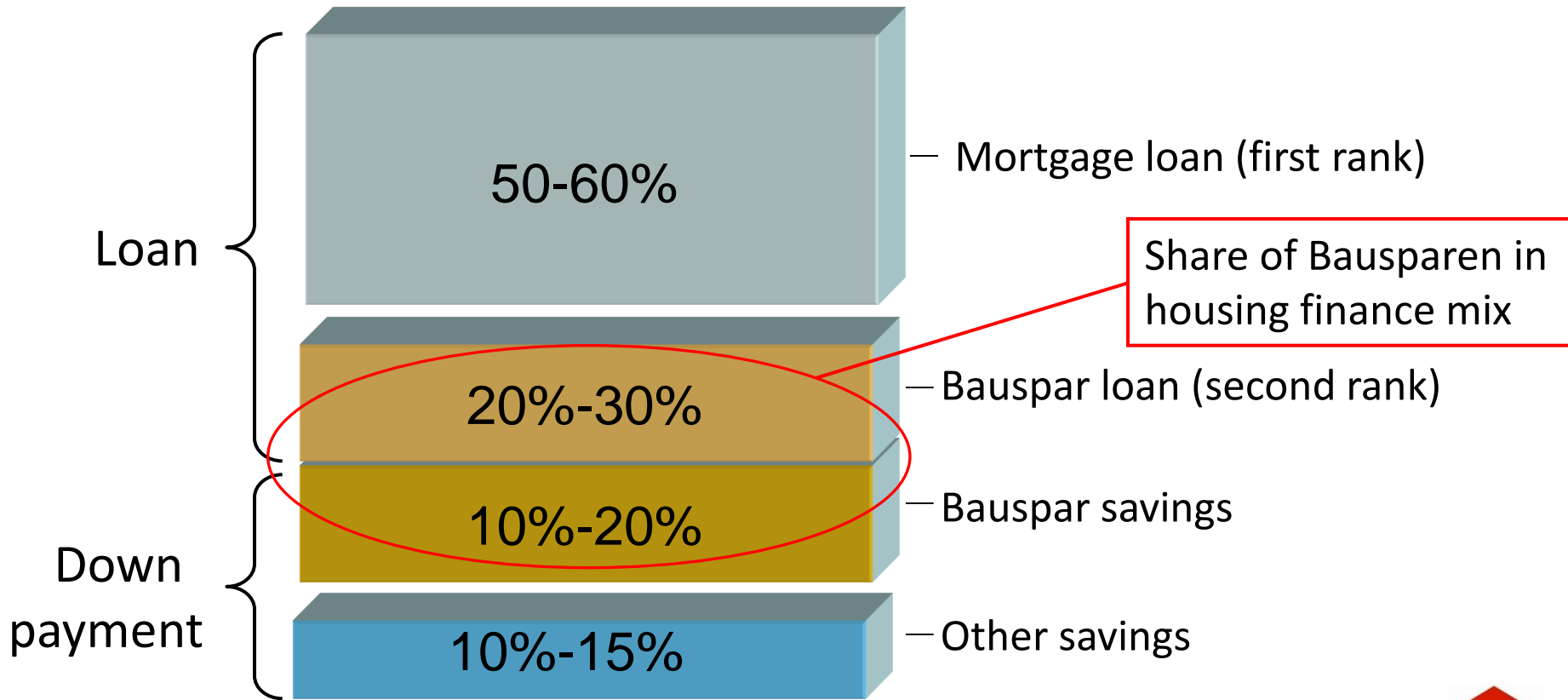
- Interest rates on deposits and loans are usually below capital market rates
- Waiving of interest in the savings phase is the “option premium” of the customer for the guaranteed low fixed interest rate in the loan phase – the option premium makes Bauspar loans “sticky”

## Bausparen has many advantages:

- Bausparen is flexible and offers many options for the customer
- Long-term fixed interest rates on deposits and loans
- Saving regularly means more equity means smaller loans means less risk
- No prepayment penalty
- Small loan amounts common and without surcharge
- Bauspar savers save considerably more (low substitution effect)
- Bauspar savers achieve the goal of home ownership earlier
- Bauspar loans are second lien loans leaving space for a first lien

# Bausparen: a complementary product

Housing finance in Germany usually consists of three tiers. Bauspar loans are in the second rank.



# Bausparen: cross-selling opportunities

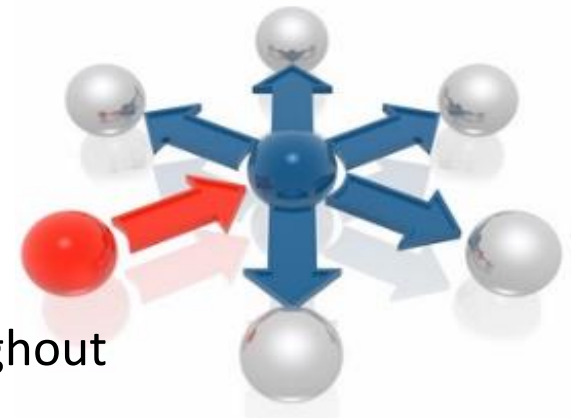


Bausparkassen are usually part of a corporate group. Private banks, insurance companies, savings banks or cooperative banks own them.

## **Bauspar contract as important cross-selling anchor:**

- Product for whole life cycle
- Customer service receives critical information throughout various contract stages
- Targeted placement of secondary products easier
- Customers get excellent counselling from a single source

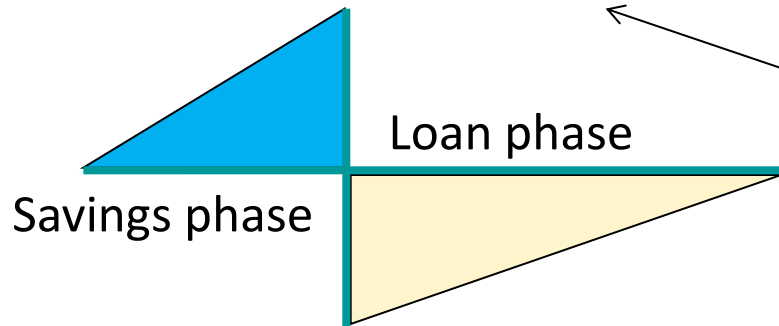
➔ Cross selling quotes higher for Bauspar customers in Germany





# Bausparkassen: specialists for housing finance

- Traditional Bauspar loans



## Exemplary balance sheet:

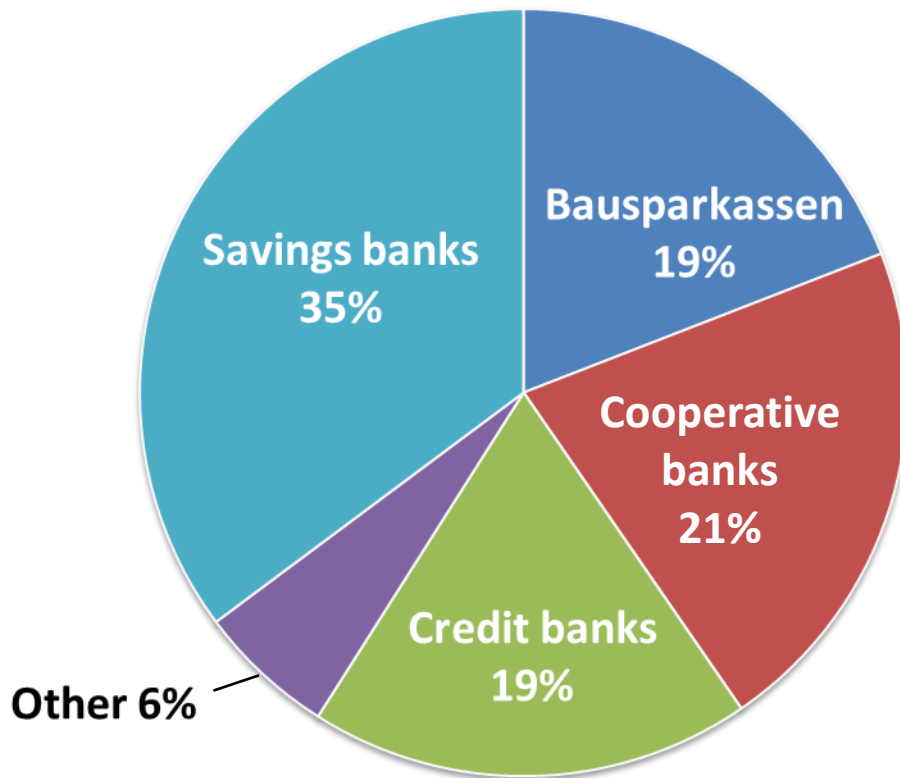
<i>Assets</i>	<i>Liabilities</i>
<b>Bauspar loans/ collective loans</b>	<b>Bauspar deposits</b>
<b>Non- collective loans</b>	<b>Other liabilities</b>
<b>Investments</b>	<b>Equity</b>

- Bridge / advance loans
- Annuity housing loans

- Capital market investments predominately in very safe instruments (gilt-edged)

# Housing finance market in Germany

Market share German housing finance market 2015



Volume of new lending was € 195 billion in 2015. With € 37 billion of disbursed loans in 2015 and a market share of 19%, Bausparkassen are the second largest player in the German market.

# Thank you!



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