



## CLOSE TO PEOPLE – BUT STILL DIGITAL

**Genuine proximity and digitalisation are not a contradiction in terms for the Savings Banks Finance Group.**

Proximity creates trust, credibility and acceptance – whether real or virtual. The commitment of the Savings Banks and their local association partners strengthens social coexistence. With the help of the numerous foundations, projects are created that have a major impact thanks to their local roots.

At the same time, the Savings Banks Finance Group is driving digitalisation in the financial sector by participating in the European Payments Initiative (EPI). The launch of the Wero wallet app offers customers a comprehensive European payment solution. This underlines the Savings Banks' commitment to be digitally close to people – and at the same time to strengthen monetary policy control options at European level.



## STRENGTHENING SOCIAL COHESION

### Statement from Professor Ulrich Reuter, President of the DSGV

„The Savings Banks Finance Group takes its social responsibility very seriously. Our commitment extends far beyond our economic activities and encompasses many different areas of public life. We support sports clubs, cultural organisations, educational projects and social initiatives. This commitment promotes social participation and strengthens social cohesion.

The Savings Banks' foundations play a central role in this social commitment. With an annual funding volume of over EUR 500 million, they provide support for a large number of projects in the

areas of education, art and culture, social affairs, the environment and science. This support is an expression of our long-term commitment to improving the quality of life in our regions and promoting sustainable development. The projects realised by our foundations have a direct and positive impact on the lives of local people.

Another key aspect of our commitment is the European Payments Initiative (EPI). We see EPI as a decisive step towards a standardised, secure and efficient payment system in Europe. The initiative aims to reduce dependence on

non-European payment service providers and to strengthen Europe's competitiveness in global payment transactions. The Savings Banks Finance Group is convinced that a strong and independent payment system is of vital importance for the future of Europe.

Our public mandate and the associated comprehensive commitment, the diverse support measures of our foundations and our active participation in EPI are an expression of our deep understanding of our responsibility and our role as a reliable partner in society.“



## “THE COUNTIES ARE UNDOUBTEDLY KEY PLAYERS”

### Counties as local welfare providers – challenges and opportunities: an interview with Joachim Walter.

Lawyer Joachim Walter is not only a long-standing County Administrator of the Tübingen district and Vice President of the Association of German Counties, but also a member of the DSGV Board of Directors. As a local politician, he is directly involved in the various transformation processes. He is therefore in a good position to comment on the socio-ecological transformation required locally and the role of the Savings Banks.

#### **Mr Walter, what are the current challenges for your county and for districts in Germany in general?**

→ The counties have not been able to get out of crisis mode for years now. This began in 2015 with the refugees, who not only had to be accommodated by the local authorities, but also ultimately integrated. It continued with the coronavirus pandemic, the consequences of which are still very much present in the healthcare system and in the area of youth welfare in particular. This was followed by Russia's war of aggression against Ukraine – accompanied by an energy crisis, inflation and an economic downturn. Finally, there was the war in the Gaza Strip triggered by the Hamas attack, the long-distance effects of which are also challenging our local society. At the same time, the counties are in the midst of several transformation processes, often described as the three big Ds: digitalisation, decarbonisation and demographic change which are placing massive demands on them. This combination of multiple simultaneous

crises and a packed future agenda is leading to a plethora of tasks on the part of the counties that are almost impossible to manage – especially in times of scarce financial and, above all, human resources. The federal and state governments must therefore carry out a critical review to reduce the density and depth of tasks at local authority level as far as possible.

**For a sustainable future, we need a socio-ecological transformation in society. How are the counties already contributing to social participation and an environment worth living in at regional and municipal level?**

→ The counties are undoubtedly key players when it comes to mastering the social and ecological challenges of the coming decades. As a local welfare provider, they are committed to achieving a good balance between personal responsibility and solidarity for social participation. The counties also see themselves as future-makers in ecological terms. In the state sector, as local pollution control authorities, they drive forward the expansion of wind power plants and, as local nature conservation authorities, take care of the preservation of biodiversity. At municipal level, they ensure a sustainable circular economy and a functioning public transport system, to name just a few examples. Socio-ecological transformation is not an abstract political message in the counties, but a lived practice.

**What support should ideally come from the state or even the federal government?**

→ I think we have to be honest. At the moment, we not only lack the financial resources, but above all the skilled labour and manpower to actually successfully drive forward the overdue transformations under the current conditions. We are simply too cumbersome, too over-regulated and not

focused enough. Politicians at federal and state level must therefore do one thing above all: by systematically deferring tasks that may be useful but are not absolutely necessary and consistently reducing unnecessary standards, local authorities must be given back the room for manoeuvre they need to make real progress on the issues of the future.

**What role can Savings Banks play in implementing the socio-ecological transformation as part of their public mandate?**

→ Savings Banks are an important driver of transformation in local authorities. Their business model from the region for the region is an anchor of stability. Donations, foundations and sponsoring by the Savings Banks are enormously important for work in culture, the arts, social affairs and associations. In addition, Savings Banks and their association partners are the most important financial partners in the transformation of SMEs and private households. And local authorities also need a partner like this at their side, who can provide funding over and above municipal loans.

**Is there already cooperation between the district administration and Savings Banks in your district in this context and how does it work? Can you give examples of projects?**

→ Yes, definitely, in very different areas and projects. Both of our institutions have a mission to be there for the people in the county. We are very grateful for the good and trusting cooperation with our Kreissparkasse Tübingen, for example, in supporting volunteer structures or providing for the refugees the district is responsible for taking in. Unlike many other banks, the Kreissparkasse allows us to set up accounts, which means significantly less administrative work.



» There is no doubt that the counties are key players when it comes to mastering the social and ecological challenges of the coming decades.

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Joachim Walter  
Member of the DSGV Executive Board



## CLOSE TO PEOPLE: CREATING COMMUNITY

### The Savings Banks Finance Group's Foundations: working together for a strong society

Social commitment is a key component of the Savings Banks' public mission. This is essential if the Savings Banks Finance Group is to fulfil its purpose, which includes a clear focus on the common good in addition to partnership-based cooperation, excellent financial services and comprehensive advice. Its 771 foundations are a direct expression of this.

In Germany, Savings Banks have long stood not only for economic stability, but also for social stability and an attractive image. The requisite focus on the common good is reflected in the thousands of projects sponsored each year in the fields of art and culture, sport, social affairs, education, business, science and the environment. In addition to the Savings Banks, the regional associations and the affiliated companies, the charitable foundations of the Savings Banks Finance Group are also active in each of these areas with their diverse sponsorship commitments.

This is particularly true in the area of art and culture. The Savings Banks Finance Group has been the largest non-governmental sponsor here for many years. Cultural sponsorship is also one of the foundations' largest items with around EUR 32 million in 2023. The second largest area of sponsorship is the social sector with around EUR 25 million.

In 2023, the foundation distributions totalled EUR 75.5 million. Through their foundation work, Savings Banks in Germany are closely linked to all the

regions. Their commitment is entirely focused on the well-being of the people who live there. To ensure that this remains the case, the Savings Banks Finance Group is the most active corporate organisation in Germany in terms of foundations.

More information on the foundations and other social commitments of the Savings Banks can be found in the management report:

➤ [Human resources management and social commitment](#)



# LIVING CLIMATE PROTECTION IN THEORY AND IN PRACTICE

Two examples from southern and northern Germany impressively demonstrate the importance of education and environment-related foundation work



A suitcase full of experiments donated: The climate suitcase enables physics teachers to impart knowledge about climate change in a completely new way.

successful example of practical educational work by foundations. Tailored precisely to secondary schools in Bavaria, young people can use it to carry out climate experiments whilst working on effective solutions. In this respect, the climate suitcase fits perfectly with the approach of Bayerische Sparkassenstiftung: “It helps pupils to better understand climate change and also shows them that they can help to tackle it. This is precisely the sort of project we are happy to support,” explains Matthias Dießl, Chairman of the Foundation’s Board of Directors and President of the Bavarian Savings Banks Association. The foundation and the Bavarian Savings Banks have also subsidised the climate suitcase with around EUR 900,000.

Almost every Bavarian secondary school has now received two climate cases and an infrared camera from the foundation to accompany their lessons. The schools had previously trained two physics teachers in how to use the cases. At the beginning of 2024, teachers from almost 300 secondary schools also received this training and are now also using the cases. The examples here show how this works:

## Brief profile of Bayerische Sparkassenstiftung (Bavarian Savings Banks Foundation)

Since its foundation in 1994, Bayerische Sparkassenstiftung has promoted progress in Bavaria and strengthened old and new values. Innovative projects are a particular focus. The funding partners’ aim is to enrich the lives of people in the Bavarian regions with their forward-looking project ideas.

## Example from southern Germany: Climate suitcase

Climate change is one of today’s greatest challenges and has a decisive impact on the future of all children and young people. But in order to be able to react, we need to understand its causes and effects. This is exactly what the climate case developed by the physics faculty at Ludwig-Maximilians University in Munich does.

The easy-to-use wooden case full of instructions and tools for various experiments on climate change is a

➤ [Climate case – a brief explanation](#)

➤ [Climate change – frighteningly close](#)



Jardelunder Moor: Intact moors are indispensable for climate protection. The Climate Protection North Foundation therefore also explicitly supports moorland rewetting for targeted renaturalisation with its funds.

### Example from northern Germany: bog rewetting

This dark mud is valuable – and completely underestimated by the public: intact moors store more carbon dioxide than any other ecosystem in the world. In Germany, around four per cent of the country's surface area consists of moorland. Almost 80 percent of them are located in the northern German lowlands. It is there, in Schleswig-Holstein to be precise, that the work of the Climate Protection North Foundation of Kieler Förde Sparkasse begins.

According to experts, one third of the global climate policy target of limiting global warming to 1.5 degrees Celsius can be achieved through biological climate protection alone. Moorland rewetting is one of the main starting points and "wet" is the key word. Peatlands need water to become climate savers. They are gigantic carbon reservoirs, as they draw CO<sub>2</sub> from the

atmosphere and grow and store it in the peat. Conversely, they become real climate killers when they dry out. If the peat in the bog soil is no longer in the water, the carbon combines with oxygen again and millions of tonnes of greenhouse gases are released into the atmosphere. This is exactly what is

#### A brief profile of the Climate Protection North Foundation

The Climate Protection North Foundation was established in 2022 on the initiative of the Förde Sparkasse donors' association. The purpose of the foundation is biological climate protection in the three fields of moorland rewetting, reforestation and educational support. The foundation's objectives are financed by proceeds from the foundation's assets and third-party donations.

happening in Schleswig-Holstein, where the moorland has been drained increasingly over the centuries for peat extraction. And the foundation wants to change this with projects and partners, for example by supporting foundations such as the Schleswig-Holstein Nature Conservation Foundation.

Peatland restoration is very much a long-term task: the peat layer only grows by one metre in a thousand years. One of the main concerns of the Climate Protection North Foundation therefore remains: water for the moor!

Reforestation is another important instrument of biological climate protection for the Schleswig-Holstein State Forests. More forest not only means a gain for our environment, but is also a guarantee for securing the basis of life for all people as well as the animal and plant world.



## MAKING A BIG IMPACT – EVEN ON A SMALL BUDGET

The DAVID competition for smaller foundation projects of the Savings Banks Finance Group proved once again in 2023 that the Savings Banks foundations are committed to many current social issues.

The idea is in the biblical name: With the “DAVID”, the Savings Banks Finance Group established an annual prize 18 years ago for projects run by its own foundations that achieve great impact even with small budgets. At the same time, DAVID enables the winners to present their projects to a wider public.

The DAVID was conceived to honour outstanding smaller projects with a total volume of up to EUR 25,000 each, which are either implemented by Savings Bank foundations themselves or supported by them. With 771 foundations throughout Germany, it is difficult to choose from the many good ideas every year. However, the DAVID is not just about the award itself, but also about publicising the innovative approaches. “With the DAVID Award, we make regional projects visible nationwide. Imitation is expressly encouraged here. Because the projects are easily transferable to other regions, especially due to their manageable budgets,” says Professor Ulrich Reuter, President of the German Savings Banks Association, explaining the Savings Banks Finance Group’s approach.

Every year, one project is honoured in each of the categories “Operational Projects” and “Funded Projects”. An optional special prize can also be awarded. In 2023, the winners came from Schleswig-Holstein, Brandenburg

and Berlin. In the capital, the Berlin Sparkassenstiftung Medizin received the special prize for its project “Optimisation of geriatric psychiatric treatment through the use of digital technologies”, which sounds very scientific at first glance. However, the project is based on a very practical approach to increasing the enjoyment of life for dementia sufferers who have been trained in the use of digital technologies. The project “Spuren vor Ort – Jüdisches Leben in der Grundschule erforschen” (Local traces – exploring Jewish life in primary schools) was recognised as worthy of sponsorship. The Dahme-Spreewald Foundation of Mittelbrandenburgische Sparkasse from Potsdam supported the project week of a Year 5/6 class in the “Sponsored Projects” category, in which the children explored Jewish life in the past and present and the persecution of Jews in their home town of Luckau.

### Learning in the “fast lane”

Finally, the “Operational Projects” category is for projects initiated and implemented by a foundation itself. Here, the project “Fast lane – catching

up on corona-related learning deficits” convinced the DAVID jury. The Gemeinnützige Sparkassenstiftung zu Lübeck had a simple idea with a particularly big impact on the future: bringing together young people who have fallen behind due to coronavirus – regardless of their origin or social background – with tutoring professionals who help them to catch up on their learning.



Proud winners of the DAVID 2023.

This has been in place since 2021 with pupils in the 9th and 10th grades, who are now graduating from school. Of the 140 participants to date, all have passed. This success was rewarded with the DAVID.





## “HAST DU TÖNE”? MUSIC PROJECT

**Promoting music means strengthening the community: Thanks in part to significant support from the Savings Banks Finance Group, the “Jugend musiziert” competition celebrated its 60th anniversary in 2023.**

Jugend musiziert is the largest and most traditional competition for the promotion of young musical talent in Germany. The Savings Banks Finance Group has supported this series of events for cultural youth education since its inception in 1963 and has been the main sponsor since 1991. It is therefore fitting that the competition has a three-tier structure, just like the Savings Bank organisation.

Whether classical or pop, solo or in an ensemble – “Jugend musiziert” brings together thousands of young musical talents every year. The successive competitions at local, state and finally national level are all about young musical talent and discovering early potential. Participants must qualify for each competition level. The first prize winners of the regional competitions take part in the state competitions. In turn, the state winners are forwarded to the national competition. This means that “Jugend musiziert” can be ideally promoted in line with the Savings Bank structure: Around three quarters of the 170 or so regional competitions are supported by local Savings Banks. The share of the higher-level regional associations of the Savings Banks in the sponsorship of the 16 state competitions is just as large. Finally, the national competition is sponsored by the German Savings Banks Association (DSGV) as the umbrella institution of the Savings Banks Finance Group.



The prize-winning ensemble of the Savings Banks’ Special Prize for a family ensemble particularly worthy of support on the occasion of the prize-winners’ concert on 30 May 2023 in Zwickau. In attendance, among others: Federal Minister for Family Affairs, Senior Citizens, Women and Youth Lisa Paus (centre). Photo: Oliver Borchert

### **Broad range of funding**

The support itself varies greatly: In addition to financial subsidies for the organisation of individual competitions, this also includes the offer of premises

or joint performance opportunities. Individual Savings Banks also award individual scholarships as well as cash and non-cash prizes for successful participants. Since 1994, the German



The four siblings of the family ensemble awarded the Savings Banks' Special Prize on the occasion of their performance at the German Savings Banks Day on 1 June 2023 in Hanover (from left to right: Joseph, Caspar, Raphael and Elisabeth Maiwald from Wiesbaden).

Savings Banks Association has also awarded an annual special prize of EUR 5,000 to outstanding family ensembles as part of the national competition. In the anniversary year 2023, it was awarded for the 30th time.

### Competition is open to all

“In view of the current economically challenging situation for many people, youth competitions are more important than ever for society. “Jugend musiziert” is open to everyone – provided they are hard-working and ambitious – not just ‘child prodigies’ from privileged households. This event therefore also contributes to the preservation of cultural institutions on a broad basis,” explains Dr Heike Kramer, Head of Social Engagement and Event Management at the DSGV. This also includes the appropriate follow-up

funding, which is intended to make it easier for national prizewinners to take their first steps towards becoming professional musicians. To this end, the Savings Banks Finance Group established the specially created concert format “Meisterschüler – Meister” in co-operation with the Schleswig-Holstein Music Festival in 2009. It enables outstanding young talents to share the stage with internationally renowned classical music stars such as oboist Albrecht Mayer and clarinetist David Orłowski. A success story with great appeal, as the concert series has also found an enthusiastic audience in the programmes of the Rheingau Music Festival, the Mozartfest Würzburg and Schloss Neuhardenberg since 2011.

In its 60th anniversary year, the 2023 national “Jugend musiziert” competition took place from 25 May to 2 June in Zwickau and the surrounding areas. Around 2,200 young participants qualified for the final round, most of whom had travelled with their families. A total of around 20,000 children and young people originally started the first round.

In addition to the Savings Banks Finance Group, the federal, state and local governments as well as numerous other private and public donors once again provided the necessary funding for this huge number of participants in 2023. In the course of its success story, “Jugend musiziert” has been able to support countless young talents. For many of them, taking part was their first step on the path to a great musical career.



# “IN TERMS OF DONATIONS, WE ARE THE MOST ACTIVE BUSINESS ASSOCIATION IN GERMANY”

An interview with Karolin Schriever,  
Executive Member of the Board of the DSGV

The public mission of the institutions of the Savings Banks Finance Group is becoming increasingly important in these times. Foundation work is an important pillar of social commitment, but so is special commitment such as support for the European Youth Parliament. In this interview, Karolin Schriever addresses both points and explains why strengthening local regions always goes hand in hand with strengthening the European idea.

**Ms Schriever, you moved from a Big Four auditing firm to the management of the DSGV in September 2022. How has your time at the helm of the umbrella organisation for these public-law institutions been so far?**

→ The change felt like a homecoming from day one, as I started my professional career in the traditional way by training as a bank clerk at a Savings Bank. Above all, I am always impressed by the diversity with which the 200-year-old public service mission of the Savings Banks is realised in the regions of our country. This is where the advantages of a decentralised network structure with strong local roots really come into their own.

**What significance do Savings Banks and the other institutions of the Savings Banks Finance Group have in times of multiple crises?**

→ If the crises of recent years have shown one thing, it is this: Savings Banks are a stabilising factor for the economy, but also for society. This was already evident during the global financial crisis 15 years ago, when there was an enormous increase in deposits at Savings Banks. People trust the Savings Banks. And also during the pandemic, when the institutions of the Savings Banks Finance Group reliably channelled development loans. At the beginning of the Russian war of aggression against Ukraine, Savings Banks opened hundreds of thousands of accounts for refugees.





### What role do the foundations of the Savings Banks Finance Group play and what contribution can they make to society?

→ The 771 charitable foundations of the Savings Banks Finance Group play a pivotal role in fulfilling the Savings Banks' public mission. Thanks to them, the commitment to the common good can be realised in thousands of socially relevant projects every year. This makes the Savings Banks Finance Group the most active corporate organisation in Germany in terms of charitable donations.

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## A strong regional level is entirely in Europe's interests.

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Karolin Schriever  
Executive Member of the Board of the DSGV

### In addition to its extensive foundation work, the German Savings Banks Association (DSGV) is also involved in the European Youth Parliament (EYP) together with the European Savings and Retail Banking Group (ESBG). What exactly is this parliament?

→ The European Youth Parliament is an educational programme that is unique in Europe and motivates young people to engage with current European issues and peaceful political discourse. The EYP is represented in 39 European countries and thus connects young people throughout Europe. At the Europe-wide sessions, they experience intercultural dialogue, active democratic participation and tolerance. The commitment and willingness of young people to solve the challenges of our time together

is a formative experience for these young people, whose hands will shape our future.

### What does the support for the EYP look like in concrete terms?

→ Since 2011, the DSGV, together with the European Savings and Retail Banking Group (ESBG), has sponsored the EYP International Meetings through a partnership with the Schwarzkopf Foundation Young Europe. In addition to the sponsorship commitment, this includes attendance at the events – either by members of the management of both sponsorship partners or by contributions from experts on the topics of the respective events. The Savings Banks live the democratic idea of social participation and economic self-determination on a daily basis. This is why we feel a special bond with the EYP. With our social commitment, we are committed to the comprehensive participation of all people. Our commitment to the EYP is part of this extensive social commitment based on the Savings Bank idea.

### What else should be done at European level to strengthen the individual regions throughout Germany and Europe?

→ One of the central principles of the European Treaties is rightly the principle of subsidiarity. It states that decisions should be made as close to the people as possible. A strong regional level is therefore entirely in Europe's interests. However, it is important not to lose sight of the subsidiarity principle in day-to-day politics and in view of the major decisions made in Brussels.



At the meetings of the European Youth Parliament (EYP) throughout Europe, participants experience intercultural dialogue, active democratic participation and tolerance.

### What can the Savings Banks and Savings Banks Foundations do specifically to strengthen the regions?

→ The projects supported by the Savings Banks and the foundations of the Savings Banks Finance Group are tailored to the individual needs and challenges of local communities. This means that the strengthening takes place directly in the region itself. I am convinced that this is the best possible way to strengthen the regional level for the country and for Europe.

### What are the prospects and opportunities for the Savings Banks and their foundations themselves?

→ The future of the Savings Banks and their foundations lies in reinforcing their role as reliable and sustainable pillars of social commitment. The promotion of forward-looking innovation and entrepreneurship, for example through the German Start-up Award, is at the centre of this.



## ...BUT STILL DIGITAL: ACCELERATING THE PAYMENT STRATEGY

Pay anytime, anywhere with the Savings Banks – the Wero payment solution is a new central component of the Savings Banks Finance Group’s strategic promise.



All payment channels in one solution are now also available as a solely European service: the new Wero payment method was initially launched in Belgium, France and Germany at the beginning of July 2024.

In times of constant change, it is not only increased social commitment that is required. The digital world and, with it, payment transactions are also constantly evolving. As one of the largest payment transaction processors in Germany, the Savings Banks Finance Group is actively shaping the processes of change – both nationally and internationally. The European payment method Wero from the European Payments Initiative (EPI) now also embodies the claim “We make payments simpler, more secure and available anytime, anywhere”.



Wero is the new payment method of this European payment initiative, a merger of 16 European banks and financial services companies from France, Belgium, the Netherlands and Germany, including the Savings Banks Finance Group. The aim of EPI is to establish Wero as a new brand with an omnichannel payment solution tailored to Europe and thus to shape the payment transactions of the future. The aim is to meet evolving customer needs and offer consumers and retailers a seamless and user-friendly payment experience. With Wero, the Savings Banks Finance Group's main aim is to offer a centralised and international account-based solution that complements card-based payment solutions such as the Sparkassen-Card with Co-Badge. Wero also combines comprehensive payment options centred around the current account, which remains the hub of all activities. However, it is equally important to the Savings Banks to be able to offer a genuine alternative to the well-known products of internationally active, mostly US-based payment processors – with Wero in cooperation with the other institutions and payment service providers of EPI. The aim is to increase Europe's independence in payment transactions.

### Integrated or available as a separate app

The major strengths of the Savings Banks Finance Group to date have been geographically in Germany and in terms of market share at the point of sale (POS), i.e. in shops. Conversely, this means that e-commerce and the cross-border use of proprietary payment solutions still represent a major challenge. Wero is tailored precisely to meet this challenge. Designed as an app, the digital wallet is available via EPI member applications such as the Sparkasse app or as a standalone mobile solution on Android and iOS platforms.

Wero utilises SCT Inst\*, the SEPA Credit Transfer Scheme already available in Europe, for the real-time processing of credit transfers in the SEPA area to enable faster payment flows with a wide range of value-added services.



Wero utilises the SEPA credit transfer procedure SCT Inst\*, which is already established in Europe, and can also be a practical solution for the digital euro planned by the ECB.

These include functions ranging from person-to-person (P2P) and person-to-professional (P2Pro) payments to online and mobile shopping payments, point-of-sale payments and the provision of loyalty programmes. Thanks to the omnichannel approach, EPI will combine all payment channels in the future in one application with Wero.

### Market launch has already taken place

The payment system was launched in Belgium, France and Germany at the beginning of July 2024 with mobile-to-mobile payments (P2P). A five-digit number of Savings Bank customers registered for Wero in the very first week – without any active advertising. The Netherlands will follow by the end of the year and expansion into other EU countries is planned in the coming years. Previously, in December 2023, a test run of Wero between Sparkasse Elbe-Elster and the French Banque Populaire – Caisse d'Épargne (Groupe BPCE) with real-time transfers between two accounts was successfully completed – “two clicks, two seconds”.

Wero can also be a solution for the digital euro planned by the EU Commission and the ECB, which will not be introduced until 2027 at the earliest. If the payment method has already established itself by the time it is introduced in Europe, EPI has a good chance that payments in the digital currency will be processed via Wero or that the system will even become their processing platform.

The payment strategy of the Savings Banks Finance Group underlines the ongoing commitment to constantly optimise the payment portfolio for private customers. With Wero at the centre of this strategy, there is an opportunity to build an innovative, independent and future-proof payment solution for Europe together with many strong EPI partners.

\* SEPA Instant Credit Transfer.



# “PAYMENT TRANSACTIONS SHOULD NOT BE VIEWED ONE-DIMENSIONALLY”

**Dr Joachim Schmalzl, Executive Member of the Board of the DSGV, in an interview on the future prospects of Wero.**

With Wero as a central building block, a new comprehensive payment solution is now available in Europe. In this interview, Dr Joachim Schmalzl presents the strategy of the European Payments Initiative (EPI) responsible for this and sheds light on the future role of Wero in European payment transactions and in connection with the digital euro planned by the ECB.





**Dr Schmalzl, e-commerce remains a challenging topic for the Savings Banks Finance Group: where do we currently stand with the help of the European Payment Initiative and its Wero wallet solution and where do we want to go?**

→ Consumers are making cross-channel purchases and increasingly paying across national borders. Whether abroad, for example when travelling, or in international e-commerce. This change in payment transactions is not only dynamic, but has also accelerated. With our payment transaction strategy, we have set an important course in recent months and are well equipped for this dynamic.

The European Payments Initiative (EPI) plays a decisive role in this. Together with other European banks, we are developing a genuine European alternative to international payment transactions with Wero.

With the launch of peer-2-peer payments, we have laid the foundation for carrying out transactions in real time between two parties. E-commerce is basically about nothing else. Now we need to prepare the interfaces and systems required for the introduction in e-commerce. In other words: we have laid the foundations, now we are building the house.

**How do you see the market opportunities for Wero, which has to hold its own against strong international payment providers such as Visa or PayPal?**

→ Our aim is not to compete with our competitors, but to fulfil our customers' payment transaction requirements. Particularly in the area of payment

transactions, consumers make new decisions with every transaction. As Wero, unlike Paypal, is not only designed for e-commerce, there is a great opportunity here, as Wero is offered on all channels – online and stationary in retail stores.

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**With Wero, we are developing a genuine European alternative to international payment transactions.**

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Dr Joachim Schmalzl  
Executive Member of the Board of the DSGV

The banks and Savings Banks that are part of the Wero initiative are already bringing 120 million people in Europe together financially in the first year. And more institutions are set to join.

This is an exciting situation for retailers, as Wero is not only cheaper, but also potentially offers access to everyone in Germany who banks online. And that is the majority.

As Wero is directly linked to the current account, no other application, no other account and no new onboarding process is required. Wero is an integral part of the account and can be used across all channels.

**Why should a customer switch from a competitor to Wero?**

→ Payment transactions should not be viewed one-dimensionally. After all, customers also have cash, a bank card and perhaps a credit card in their wallets. In view of the fact that banks, especially Savings Banks, enjoy a high level of trust, Wero, which is directly linked to the current account, is an attractive payment solution. And it will be a payment method for all transactions. As we all know, many roads lead to Rome. One of them is now Wero, and we are certain that this is one of the most attractive.

**What kind of communication is planned to accompany the market launch of Wero?**

→ The primary aim is to introduce Wero as a product. EPI has developed a catalogue of measures to make Wero widely known. In addition, each bank has planned its own communication measures, which of course also applies to the Savings Banks. For example, Savings Banks customers will be made aware of the launch of Wero within the Sparkasse app and there is a dedicated landing page at [wero-wallet.eu](http://wero-wallet.eu). Of course, Wero is also marketed on social channels.





**The EU and ECB want to introduce a digital euro in 2027. How do this digital currency and Savings Bank payment and / or EPI fit together?**

→ The digital euro is still under development and the ECB has not yet finalised its design. Nevertheless, we are working to ensure that the digital euro is implemented in a way that benefits our customers. Wero will be introduced before the digital euro and will therefore also be available for use. What impact the digital euro will have on payment transactions and therefore also on Wero is still under discussion. However, there is nothing to be said against making the digital euro usable in Wero. EPI could also help to achieve the acceptance of the digital euro in retail. Even if the digital euro does not become part of the Wero network, there are many arguments in favour of using Wero for retailers.

And for good reason, because the digital euro only offers the simplest form of payment. Things like BNPL “buy now, pay later”, recurring payments, payment reservations, buyer protection, loyalty and much more are issues

that the digital euro does not offer, but which are what make payment transactions interesting in the first place.

Nevertheless, an integral and complementary approach between the digital euro and EPI is desirable and worth striving for.

**You take a critical view of the digital euro – why?**

→ We take a critical view of the current plans for the digital euro. In principle, we fully support any strengthening of European payment transactions and European sovereignty. In this respect, the digital euro in the sense of digital central bank money is a good idea. The implementation envisaged by the ECB to date would represent a not entirely uncritical intervention in payment transactions. We are therefore in favour of more cooperation and see ourselves as critically constructive towards the Eurosystem.

The design of the digital euro currently being considered by the ECB is so complex that the Savings Banks Finance Group – and the same is likely to apply

to the other banking groups – will not be able to commission any new innovations or further developments of existing products and solutions in the strategic business area of payments over a longer period of time. This would only strengthen international competitors who do not have to worry about the digital euro during this time. Instead, we see opportunities in utilising existing European solutions and modern infrastructures as well as focusing on functionalities of a digital euro that actually generate added value.

Otherwise, there is a risk of a scenario in which a complex, expensive digital euro creates duplicate structures and is only in minimal demand. This ultimately weakens European sovereignty in payment transactions instead of strengthening it.

**What conceptual reservations do banks generally have about the digital euro, or to put it another way: how would it have to be organised for it to work?**

→ The attractiveness of the digital euro still needs to be significantly improved. In its current form, the implementation will merely provide consumers with another payment method with low market adoption in the already large range of various payment methods. At the same time, the aforementioned implementation and infrastructure costs for payment service providers and banks would be so high that the project would weaken the innovative capacity of the European financial sector. We are therefore in favour of making the digital euro equally attractive for all sides, i.e. consumers, retailers, payment service providers and banks. However, this still requires significant progress in areas such as the value proposition for end customers, pricing for retailers and the remuneration model for payment service providers and banks.



Digitalisation does not stop at the euro. The DSGV is committed to making it attractive for all sides, from consumers to retailers and banks.



### What role can the Savings Banks play in the digital euro and what are possible approaches to cooperation with the ECB?

→ Many of the success factors demanded by end customers for the digital euro, such as buyer protection, bonus programmes and BNPL, can only be achieved in cooperation with the private sector – without this, the digital euro will become a mere back-up solution. Accordingly, it is in the interests of both the ECB and the banking industry to organise the digital euro in such a way that it becomes a successful project for all sides.

In addition, the joint search for synergies with existing and newly created solutions and infrastructures such as EPI/Wero or eID, i.e. electronic identification, should be strengthened. Integrating the complementary strengths with EPI as a potential licence holder of the ECB would prevent expensive duplicate structures on the one hand and could ensure a high level of acceptance of the digital euro right from the market launch.



» There is nothing to stop making the digital euro usable in Wero as well.

«

Dr Joachim Schmalz  
Executive Member of the Board of the DSGV

### Do you also see advantages in the digital euro for people in general and for corporate customers in particular?

→ For private end customers, the digital euro would be a direct liability of the ECB and another legal tender alongside euro cash. In addition, certain core services – including account management, topping up and discharging as well as the execution of transactions – would be free of charge under the current draft law. Consumers would therefore also be able to pay in bricks-and-mortar shops and in e-commerce. The digital euro is not yet planned for corporate customers and their payments to each other, i.e. the so-called B2B usage.

### With the introduction of the digital euro, do you expect cash to be abolished soon?

→ No. This is not to be expected and we as the Savings Banks Finance Group would not support this under any circumstances. The digital euro is intended to complement cash, not replace it. Nevertheless, the introduction of the digital euro can be seen in part as a reaction by central banks to changing customer needs and a decline in the need for physical cash. In terms of turnover, 30% of all payments are still made with cash. However, the demand for cash for transactions in Germany is decreasing. It therefore makes sense and is right for central banks to address such trends.

Cash supply also remains a core service for the Savings Banks. 90% of our customers only need just over six minutes on foot or by car to get to their nearest Sparkasse ATM. Three quarters of our customers need no more than four minutes and half of them only two and a half minutes to get to their nearest ATM.

