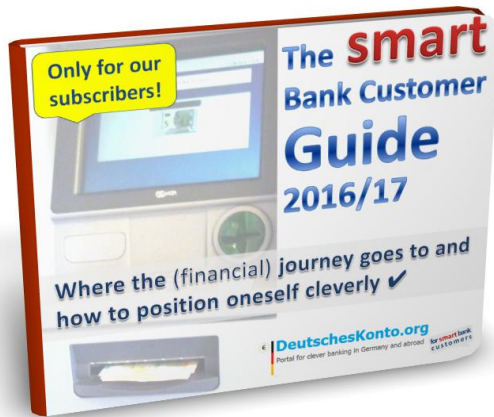


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Where the (financial) journey goes to and how to position oneself cleverly ✓



I. Words of Gratitude

Thank you that you take a few minutes for skimming over this guide or even for reading it carefully. It could be that it will be your best time investment today.

You will **find out** in short sections about the **current developments** in the key areas for us smart bank customers. If one area should not be of your interest, then proceed to the next one.

We conclude every area with an **editorial recommendation**. Feel free to discuss them with us and other smart bank customers via the comments feature on the thematic pages of our special portal and you are also welcome to add your own experiences.

If you cannot find the according thematic pages, take the one to this guide: <https://www.deutscheskonto.org/en/smart-bank-customer-guide>

We want to **express our gratitude** towards you for joining our circle of smart bank customers, for receiving our Sunday e-mail and/or for getting involved through comments, ratings and recommendations.

Gregor and Family Janecke

II. Banks / Current Accounts

It is not the zero-interest policy of the European Central Bank (ECB) that causes the **most painful headache** to the persons in charge of current accounts. This is only published a lot and has to serve as an excuse for worsening conditions, because one appears to think in the bank towers, "This is what customers most likely accept."



After the change of law, banks earn considerably less from credit card payments within the EU.

Banks earn mostly through lending rates: overdraft, consumer loans, financing.

Another very important source of income - especially for our most-observed direct banks DKB and Comdirect – has decreased to up to 90 per cent: the **interchange fee**.

The interchange fee is paid by the payee, not by you as a cardholder. For credit cards, this was sometimes higher and sometimes lower (e.g. petrol stations) depending on negotiations. In Germany, the **average** was about **1.2 per cent** (Source: Der Handel, edition of April, 2014). Internationally, it was up to 3 per cent.

In past years, this was between Euros 5 and 10 billion per year, as estimated by the EU. Of course, this sum must be taken into account in the final price of a product or service and it has to be borne by every customer - regardless of the payment method. In our country, it is not customary to increase the price when paying with a credit card (apart from a few companies in the travel industry – even today!).

Since December 2015, the interchange fee for debit cards - which are our GiroCards or former EC-Cards - was 0.2 and for credit cards **0.3 per cent**. Additionally, it is covered with Cents 7 per payment at the debit cards.

The intermediate goal is, of course, increasing the acceptance of card payments, which by the way worked perfectly: in most German shops, the signposts “**Card payment from Euros 10**” disappeared. One can nowadays pay by credit card even at some discounters.

The final goal is the cashless society. We will discuss this in a later section.



“Kein Aber” (No But) – TV commercial of the DKB. Other banks reintroduce the account management fees or increase them. This does not apply to the DKB.

Cost-aggregative for banks are the additional new rules imposing for implementing a **“basic bank account”** and the stricter auditing and reporting requirements for account holders with a place of residence abroad.

A peak into the basic account: herein, banks are obliged to set up accounts for everyone, even for people without a fixed address, for people from other EU countries and for “refugees”, even if the identity is not sufficiently clarified, which is a bit contradictive to other laws (e.g. the money laundering act).

So far, banks have been rather cautious with account openings, because such accounts tend to belong to the loss-makers of a bank.

This means: The new costs must somehow be lowered through other bank customers.

This step is also to be understood as a measure on the way to a cashless society.

Many banks have already reacted to this by increasing their fees. Some do it very obviously through the monthly account management fee (e.g. the savings bank in our region), others try to hide them. Thus, the annual fee for a standard MasterCard at the VR-Bank in our region costs now Euros 30 instead of Euros 20.

In the mainstream press, one has been announcing several times that the **time of the free current accounts is over**. This repeatedly publicized statement serves to discourage people from switching bank accounts. Why should I switch, if the account management fees will soon be charged everywhere?

This is not true! Banks deal with the new challenges differently. The **DKB** assured us that **no fees for the current account including Visa Card** will either be charged in future.

Especially with the extreme reduction of the interchange fee, the German direct banks now face challenges. After all, it was their business model to



► [Fee-free MasterCard Gold](#) – is used by some smart bank customers as a supplement for trips to the abroad

provide customers owning a good creditworthiness with a free current account including free credit card. This was funded entirely by the interchange fee. This model now does not work any longer to cover costs.

Therefore, one can assume that there will be further condition changes.

It is publicly known that we recommend the DKB to ► [abolish the foreign transaction fee](#), because it is obviously smarter for customers to withdraw cash free of charge (produces costs for the bank), than to pay cashless with the card in the foreign currency abroad. And outside the EU, there are still the high revenues for the banks from the interchange fees.

Smart bank customers namely use the ► [credit cards without foreign transaction fee](#) for cashless payments abroad such as the ► [fee-free MasterCard](#).

By the way, the **EU favours the account switching** with a new law: from September 2016, banks are obliged to offer an account switching service. This is a practical helper for a lot of people, who want to switch their current account. We have already tested such a ► [service](#).

However, one should not forget that even this **account switching service** must be paid by the bank! Here, one must calculate between Euros 25 and 50 per switch, in addition to the costs of account opening.

Recommendation for this section:

If it is not already done, you should create at least one online current account with credit card at one of the best direct banks in Germany. Our recommendation No. 1 ► [DKB](#). Here you can find the ► [Top-3 current accounts](#).



Cashless Society – Opinion

As a special portal, we do not take political positions. We only describe the effects of the policy and search for solutions for our people.

III. E-Money Institutions

One may regard the emergence of e-money institutions in the European Union in the context of a political path to a cashless society. After all, the EU has created the legal framework, so that these providers of **current accounts** and **payment cards** can arise, without having to be a bank.

The tendency of having an **additional account** at an e-money institution may become more interesting in the future, although these only earn through the fees (direct fees, like account management fees, as well as indirect fees, like the interchange fee).

The granting of loans and the investment area are prohibited by law to e-money institutions. This almost reminds of the **separate banking system**, when we still had more stability in the financial system. ;-)

Therefore, experts estimate that **e-money institutions are safer than banks**. Probably for this reason and because they are not created for investments (as the granting of loan is missing on the other side), one has not **stipulated a deposit insurance**. This, of course, also lowers the operating costs, because well economizing institutions do not have to answer for worse economizing institutions. This is different with banks. Keyword: banking union at EU-level.

If one opts for an account or a card of an e-money institution, it is advantageous, if one chooses a provider with a functioning business model.

We have already introduced two of them on our special portal. For you, we offer some additional information here:



PayCenter's ► [Onlinekonto](#) can be opened within 2 minutes

Onlinekonto.de

The Onlinekonto is, in our view, the most exciting offering of the PayCenter GmbH. PayCenter is **Germany's largest e-money institution**. It has been working with profit already for years!

Apart from the excellent customer service, especially the fees paid by customers are responsible for this.

PayCenter is currently particularly interesting for two customer groups:

- for people, who want to have a **garnishment protection** on their current account
- for **self-employed persons** and **entrepreneurs**

It says in Wikipedia that 300,000 to 350,000 account garnishments are applied for monthly in Germany. An account garnishment attempt always causes a lot of manual work to a bank and results in unwanted costs, regardless of whether the previous current account has been converted into a garnishment protection account after the change of law in 2009 (P-account) or not.

There are reports that banks become extremely creative to get rid of such customers, or did not conclude an account opening due to creditworthiness issues (the basic account with acceptance duty will arise now, but the basic account will be equipped very limited at many banks).

PayCenter has a specialized department for requests for account garnishment and grants the opening of a current account with subsequent conversion into a **P-account without loss in services** to everyone. One will still get online banking and the MasterCard. In the end, you pay fees for this good service.



The cards of ► [Viabuy](#) are of high quality and embossed

Viabuy

Viabuy is the most famous brand of PPRO Financial Limited, a Great Britain based e-money institution. Viabuy is a prepaid MasterCard with account function.

The company **operates since years in Germany** and offers a German-speaking customer service via e-mail.

The company makes profits into the millions since years. Again, most is due the customer fees.

The **account functions** are not as extensive as in PayCenter, because it is not a current account with MasterCard, but a MasterCard with account function. Therefore, no protection against account garnishment can be included. In practice, this only matters little, as there is almost no request for account garnishment from Germany to the UK with respect to a prepaid card.

However, on this “prepaid card” one can park an **unlimited amount**, if one wants to. PayCenter “only” takes amounts up to Euros 15,000.

For self-employed and other entrepreneurs, e-money institutions can be quite interesting, because they hardly differ from the bank charges for business accounts and are partially even cheaper.

Recommendation:

If you are not at risk of account garnishments and you are not self-employed/entrepreneurs, you currently do not need to follow up with this subject. The conditions of our best direct banks are unbeatable well compared to e-money institutions.

IV. Account Abroad

Having an account abroad is a very individual thing. There are people, who could not sleep well, if they knew they had an account abroad. For others, it is vice versa!

If you belong to the first group, then simply skip this section.

An account abroad can not be seized or significantly more difficult than an account where you live. However, this is only one of many possible reasons for taking the decision to open a bank account abroad.

Motivation for this may be journeys, a longer stay abroad, emigration plans, an inheritance, investing in other countries, allocation of capital for regional risk diversification or simply a hidden reserve (nest egg).

As long as you **behave fiscally correct**, which means stating the taxable gains in Germany, like interest income, in the income tax return. Legally, nothing speaks against an account abroad.

In order to increase tax compliancy, various legal agreements have been taken, so that extensive **bank customer data** of foreign accounts is reported annually to the local tax authority. This only changes little, because the account does not stand in direct access to German law.

We ourselves on this special portal do not report about which countries take part in an **exchange of information**, are soon to join or do not join at all. There are other excellent websites that deal with this subject in detail.

But one note is allowed: The **USA** gets financial information about their citizens from almost all countries in the world, however, the USA itself is not providing any information!

For conclusion, another note: Our top banks DKB and Comdirect also receive a large inflow of customers from abroad, because they would like to have an account in Germany that is a foreign account for them!

In the meanwhile, even PayCenter and Viabuy get inflow from abroad, because both have a German IBAN.

Recommendation:

No recommendation. Everyone can decide for himself/herself, if he/she wants to approach the subject of an account abroad.

comdirect

Das kostenlose Depot vom Testsieger

Profitieren Sie bei comdirect von einer großen und unabhängigen Wertpapierausswahl inkl. zahlreicher Wertpapiersparpläne und persönlicher Betreuung 24 Stunden, 7 Tage die Woche.

- ✓ Bis zu 100 % Discount auf Ausgabeaufschläge beim Fondskauf
- ✓ Keine Depotgebühren für 3 Jahre
- ✓ Handeln ab 4,95 Euro für sechs Monate¹
- ✓ Kostenlose Limit-/Orderänderungen

Jetzt Depot eröffnen

From our point of view: best securities account in Germany. Opening also possible from abroad (excluding USA, Canada)

V. Securities Account

If you do not have a securities account yet, you should open one. Our top recommendation is the ► [Investors depot of the Comdirect Bank](#).

In the current **zero interest period** - perhaps there will even be a **minus interest period**, if cash was sufficiently replaced - one may deal with alternatives to pure money investments (savings book, call money, fixed deposits).

Although securities, especially equities, are constant subject to value fluctuations, but in periods of **rising inflation**, one is in a better position when investing widely. Incidentally, it is an obvious target of the ECB to generate a higher inflation, in which the Central Bank will succeed sooner or later.

If this topic is new territory for you, you should first “invest” some money and time in reading **books** about this subject. Acquire knowledge and experiences for yourself.

If you want to take professional advice from a financial services provider, you should inform yourself about the consultant in advance.

If you do not yet work with a consultant, ask friends and acquaintances for recommendations, who are financially somewhat better. In this case,



Ordered at ► [Amazon.de](https://www.amazon.de), sent overnight...

the probability to find a good consultant is higher, than through searching in the Yellow Pages.

In spite of warmth, please always keep in mind that it is the business of financial services to “sell” service and/or financial assets.

VI. Cash

Cash will be the **most common means of payment** of the daily need in Germany and in most other countries during our reporting period 2016/17. We know that some of our smart bank customers manage to get along without cash for a whole week. ;-)

However, the **cash supply could gradually become expensive**. This was already shown by a discussion in the beginning of this year about the introduction of the “direct customer fee” at ATMs, as is common with many banks in the USA, Canada and some Asian countries.

As long as our German ATMs are not equipped with a receipt printer - well, the charging of the fee would need a proper receipt - we can look at it calmly.

The situation is different in the frequency of withdrawals, because even if it is free, for example for us DKB customers, the bank bears the incurring charges. The cash-paying ATM charges the card issuing bank a fee of **approximately Euros 1.75 per withdrawal** in Germany!

The Fidor Bank and the start-up company N26 have already taken action and limited the free withdrawals. Product changes in other bank institutions are currently discussed.

Recommendation:

Learn to deal with cards as safe as with cash. Nevertheless, we hope that we will have the freedom of choice for a long time regarding the fee structure, whether we pay by card or cash.

Try to withdraw larger amounts and rarelier. This shows the decision-makers in a bank that their customers deal meaningfully with the conditions and do not put them under pressure to introduce (further) restrictions on the free supply of cash.

VII. Loans

The finance industry lives by granting more loans than the previous year. That is called growth. However, the average creditworthiness gets worse by the increase in the debt ratio, which in turn reduces the loan granting. This is, if you do not want to weaken the rules.

The usual way in Germany to lend money is through a bank. For example, people who already have their current account at the DKB, have it easier to get financing, because the bank already knows the financial behavior of customers. The bank also grants loans to new customers, if the creditworthiness is alright.

In recent months, however, many new start-up companies have arrived at the market that provide **loans from one private to another private person**, often known as crowdfunding.

With ► [Auxmoney](#) we have recently introduced an “old stagger” in the industry, from the side of the borrower, as well as the investor’s side.



Do you already know our ► [Youtube channel](#)?

Recommendation:

Prefer getting paid interest, than paying it. The less you owe, the more freedom and more room for action you have.

We only deal little with the subject loans in this issue, because the demand for real estate financing from our readers was restrained.

However, some **background information** for you: we still work on a solution for real estate financing in Germany having a foreign place of residence or income in other currencies (CHF, GBP, SGD). We have opened a very good possibility for the financing of real estate in the USA (typically, it would be real estate in Florida) through American banks.

Important Note For Conclusion!

If you have enjoyed this smart bank customer guide, **feel free to forward it in the circle of friends and acquaintances**. However, the copyright remains with us. **Quotations** referring to us as a source are valid up to a **length of 210 words**, even without request for approval. We are pleased about any notification on the use.

If you being a smart bank customer do not want to miss any important development, then ► [register to get our free Sunday mail](#) (if not already done). Unsubscribing is easily possible at the end of each e-mail via the unsubscribe link.

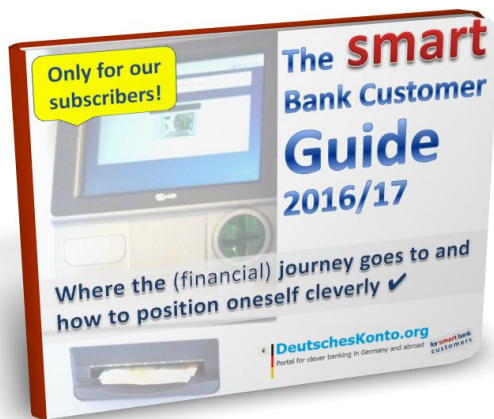
Thank you so much that you have read our guide entirely!

Gregor and Family Janecke

August 2016



Gregor, the founder of DeutschesKonto.ORG. Do you already know his ► [Purpose of existence?](#)



Imprint and Disclaimer

Retail Price

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This is also valid for interested readers of selected partners with e-mail list. Please contact us, if you are a partner.

Contents

The creation of this guide was carried out with the utmost care and to the best of my knowledge and belief. However, all information has to remain without guarantee. Changes and errors also included.

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