

## Press release

Berlin, September 28, 2023

### **“Raising the minimum reserve would considerably restrict lending possibilities”**

#### **vdp warns against the negative impact of raising the ECB’s minimum reserve ratio**

The Association of German Pfandbrief Banks (vdp) is resolutely opposed to thoughts currently being given to raising the ECB’s minimum reserve requirements. “It is incomprehensible that the ECB should consider prescribing a higher minimum reserve ratio for banks in the current situation. This would considerably restrict banks’ lending possibilities further,” Gero Bergmann, the vdp’s President, warned. All the more, he added, at a time when the sustainable transformation of both the economy and the building stock as well as the creation of affordable housing require enormous investments, most of which would have to be provided by banks.

### **“Such a measure would be absolutely harmful not only for the banking industry but also for the real economy and the real estate industry.”**

Gero Bergmann

The ECB had already announced in July of this year that minimum reserves would henceforth cease to be remunerated, depriving German banks alone of interest income in the billions of euros. In the last few days, there have been media reports that the ECB is thinking about increasing the minimum reserve substantially. In the vdp’s view, such thoughts are counter-productive. “Such a measure would be absolutely harmful not only for the banking industry but also for the real economy and the real estate industry,” Bergmann emphasized.

In this context he referred, in particular, to the housing summit held at the Chancellery earlier this week, at which a 14-point paper to stimulate housing construction was agreed on. “If we are really serious about creating new living space, we need to think about the financing environment from the outset,” Bergmann urged. “Without debt financing there is no housing construction. Banks are happy to supply the necessary funds, but they have to be in a position to do so. Measures such as the current systemic risk buffer for residential property financing or discussions about raising the minimum reserve ratio, which would impose an unnecessary restriction on lending by banks, have the opposite effect.”

**About the Association of German Pfandbrief Banks (vdp)**

*The Association of German Pfandbrief Banks is one of the five associations that make up the German Banking Industry Committee. It represents the sector's most important providers of financing for residential and commercial property construction, governments and public-sector institutions.*

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**Association of German  
Pfandbriefbanks**

[www.pfandbrief.de](http://www.pfandbrief.de)  
[www.pfandbrief.market](http://www.pfandbrief.market)

**Press contacts**

Carsten Dickhut  
Tel.: +49 30 20915-320  
e-mail: [dickhut@pfandbrief.de](mailto:dickhut@pfandbrief.de)

Horst Bertram  
Tel.: +49 30 20915-380  
e-mail: [bertram@pfandbrief.de](mailto:bertram@pfandbrief.de)