

Banking in Germany – An Overview

Money makes the world go round – but sometimes money matters in a foreign country can be a challenge. You may want to consider making an appointment with your local bank to discuss your plans to go abroad, but in the meantime, this little summary of important facts about the German banking system can give you an overview of the issues you will need to consider before and during your stay in Germany.

- Use of Credit Cards

While you can try to get by with your international credit card, it is important to keep in mind that it's not very common to use credit cards for every-day purchases in Germany. There are many stores and restaurants that don't even accept them – they prefer debit cards. Furthermore, there is usually an extra charge when you want to withdraw money from an ATM with your credit card. Also note, that recurring costs such as rent and utilities must, in most cases, be paid by direct debit from a German bank account. So having a bank account in Germany will make your life a lot easier.

- International Debit Cards

Depending on your local bank, you may be able to withdraw money from German ATMs with your foreign debit card – sometimes even without charge. In some cases you will need to activate the card for use in foreign countries, so please check with your local bank before you come to Germany.

You should, however, be aware that, even though you may be able to withdraw money from an ATM, you may not be able to use your debit card in stores directly. Therefore, it is always good to have enough cash handy. Also, you may need to open a German bank account regardless, for the reasons mentioned above, as you will need to pay certain costs by direct debit, which is not possible for foreign accounts, even within the Euro zone.

- Opening a German Bank Account

Getting a German bank account is not difficult, but it may take a little time. There are two different accounts that are important for international students:

1. Blocked Bank Account (“Sperrkonto”)

Blocked bank accounts are often a prerequisite for those who need to enter Germany on a study visa. Please check with the German embassy in your home country if you need such a blocked account. Having a blocked account means that you must transfer EUR 861 for each month that you are going to study in Germany into the account before you can get your visa – for MLB students this means transferring enough funds for a period of 12 months, approx. EUR 11,000. Your account will then be “blocked”, meaning you can only withdraw EUR 861 per month during your stay. This way the German government makes sure that you have enough money for your living expenses for the entire period of your stay. If you decide to transfer more money than the minimum amount, you can take out 1/12 of the total sum every month. Once you extended your residence permit in Hamburg, your blocked bank account can get unblocked and you can close it after having transferred your money on a checking account.

2. Checking Account

This is a normal account that you most likely have in your home country as well. It can be opened in any German bank – online banks included - as long as you provide proof of enrollment at a university and proof that you have registered with the city of Hamburg. The proof of enrollment will be provided to you by Bucerius Law School.

The checking account comes with a German debit card which can be used to withdraw money at ATMs using your PIN code or pay directly in stores using your PIN code or your signature. Please note that if you withdraw money from an ATM which does not belong to “your” bank, a surcharge may apply.

Bucerius Law School has an agreement with a branch office of Deutsche Bank very close to campus that allows its students to open this account with their proof of enrollment and passport rather than having to provide the city registration as well. Deutsche Bank is a member of the Cash Group, which means that you can withdraw money free of charge from the ATMs belonging to Deutsche Bank as well as those belonging to other Cash Group members, namely Commerzbank, Postbank or HypoVereinsbank.

Any Questions? Contact: master@law-school.de