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Germany (BaFin / ECB) vs Luxembourg (CSSF / ECB): banking licenses compared

From BankLicenseWiki, the free encyclopedia of banking licenses · Last updated 28 November 2026

In short: Germany (BaFin / ECB): minimum capital €5 million, deposit protection €100,000. Luxembourg (CSSF / ECB): minimum capital €5 million (EU floor), deposit protection €100,000 (FGDL). Figures as of November 2026.

This page sets the two regimes side by side, using the same headings for each. It does not say which is ‘better’: that depends on who the clients are and what protection they need. The full rules, sources and FAQs are in the Banking license in Germany and Banking license in Luxembourg guides.

Side by side

	Germany	Luxembourg
Regulator	Federal Financial Supervisory Authority (BaFin) and the European Central Bank (ECB)	Commission de Surveillance du Secteur Financier (CSSF) and the European Central Bank (ECB)
License	Licence to conduct banking business (CRR credit institution), applied for through BaFin and granted by the ECB	Authorisation as a credit institution under the Law of 5 April 1993 on the financial sector, granted by the ECB on a proposal from the CSSF
Legal basis	Banking Act (Kreditwesengesetz, KWG), implementing the EU Capital Requirements Directive; CRR; SSM Regulation	Law of 5 April 1993 on the financial sector; EU Capital Requirements Directive and Regulation; SSM Regulation
Minimum capital	Initial capital of at least €5 million for a credit institution, under the EU Capital Requirements Directive as implemented by the KWG.	At least the EU minimum of €5 million in initial capital. Confirm with the CSSF whether a higher national amount applies to your business model.

	Germany	Luxembourg
Application fee	Not confirmed. We could not find a licensing fee published by an official source. BaFin and the ECB charge ongoing supervisory fees once a bank is licensed.	Not confirmed. We could not find a licensing fee published by an official source.
Decision time	EU law requires a decision within 6 months of a complete application and no later than 12 months after receipt; the ECB says decisions usually take 6 to 12 months.	The ECB says decisions usually take 6 to 12 months: EU law requires a decision within 6 months of a complete application and no later than 12 months after receipt.
Local substance	Head office in Germany, at least two fit and proper managing directors, a sound business plan and governance, and shareholders who pass the qualifying-holding assessment.	Central administration and registered office in Luxembourg, at least two fit and proper managers who run the business day to day, and shareholders who pass the qualifying-holding assessment.
Minimum capital ratios	Pillar 1 minimums under the CRR: Common Equity Tier 1 (CET1) of 4.5%, Tier 1 of 6% and total capital of 8% of risk-weighted assets, plus a 3% leverage ratio. On top come the 2.5% capital conservation buffer, other buffers set by the authorities and a bank-specific Pillar 2 requirement.	Pillar 1 minimums under the CRR: Common Equity Tier 1 (CET1) of 4.5%, Tier 1 of 6% and total capital of 8% of risk-weighted assets, plus a 3% leverage ratio. On top come the 2.5% capital conservation buffer, other buffers set by the authorities and a bank-specific Pillar 2 requirement.
Foreign bank branches	A bank from outside the EU can open a branch only with a national authorisation from the host country; it does not receive an EU passport. CRD VI (Directive (EU) 2024/1619) harmonises the rules for third-country branches across the EU.	A bank from outside the EU can open a branch only with a national authorisation from the host country; it does not receive an EU passport. CRD VI (Directive (EU) 2024/1619) harmonises the rules for third-country branches across the EU.
Liquidity	Liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) of at least 100% under the CRR.	Liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) of at least 100% under the CRR.

	Germany	Luxembourg
Deposit protection	€100,000 per depositor, per bank, under the EU Deposit Guarantee Schemes Directive. Private banks belong to the statutory scheme of the Entschädigungseinrichtung deutscher Banken (EdB); savings banks and cooperative banks are covered by their groups' institutional protection schemes, recognised as deposit guarantee schemes.	€100,000 per depositor, per bank, through the Fonds de garantie des dépôts Luxembourg (FGDL), under the EU Directive.
Cross-border passport	Yes. A bank authorised in one EU/EEA country can open branches and provide services in every other EEA country under the single passport, after notifying its supervisor.	Yes. A bank authorised in one EU/EEA country can open branches and provide services in every other EEA country under the single passport, after notifying its supervisor.
Public register	BaFin company database [2]	CSSF register of supervised entities [4]

Each figure is sourced in the license guide, where every line carries its own reference.

Frequently asked questions

Which license costs more to hold, Germany or Luxembourg?

Germany: Initial capital of at least €5 million for a credit institution, under the EU Capital Requirements Directive as implemented by the KWG. Luxembourg: At least the EU minimum of €5 million in initial capital. Confirm with the CSSF whether a higher national amount applies to your business model. Capital is only the floor: running costs (staff, audit, compliance, technology) usually exceed it.

Are the capital ratios the same under both licenses?

Germany: Pillar 1 minimums under the CRR: Common Equity Tier 1 (CET1) of 4.5%, Tier 1 of 6% and total capital of 8% of risk-weighted assets, plus a 3% leverage ratio. On top come the 2.5% capital conservation buffer, other buffers set by the authorities and a bank-specific Pillar 2 requirement. Luxembourg: Pillar 1 minimums under the CRR: Common Equity Tier 1 (CET1) of 4.5%, Tier 1 of 6% and total capital of 8% of risk-weighted assets, plus a 3% leverage ratio. On top come the 2.5% capital conservation buffer, other buffers set by the authorities and a bank-specific Pillar 2 requirement.

How much of a depositor's money is protected if the bank fails?

Germany: €100,000 per depositor, per bank, under the EU Deposit Guarantee Schemes Directive. Private banks belong to the statutory scheme of the Entschädigungseinrichtung deutscher Banken (EdB); savings banks and cooperative banks are covered by their groups' institutional protection schemes, recognised as deposit guarantee schemes. Luxembourg: €100,000 per depositor, per bank, through the Fonds de garantie des dépôts Luxembourg (FGDL), under the EU Directive.

Can a firm with one of these licenses serve clients in other countries?

Germany: Yes. A bank authorised in one EU/EEA country can open branches and provide services in every other EEA country under the single passport, after notifying its supervisor. Luxembourg: Yes. A bank authorised in one EU/EEA country can open branches and provide services in every other EEA country under the single passport, after notifying its supervisor.

See also

- Banking license in Germany
- Banking license in Luxembourg
- Luxembourg (CSSF / ECB) vs Switzerland (FINMA): banking licenses compared
- All 10 licenses in one table

References

1. Official Federal Financial Supervisory Authority (BaFin) and the European Central Bank (ECB) . Germany. Accessed November 2026.

2. Official BaFin company database . BaFin / ECB. Accessed November 2026.
3. Official Commission de Surveillance du Secteur Financier (CSSF) and the European Central Bank (ECB) . Luxembourg. Accessed November 2026.
4. Official CSSF register of supervised entities . CSSF / ECB. Accessed November 2026.

General information, not legal or investment advice. Figures as of November 2026; confirm with the regulator before applying or opening an account.

Source: https://banklicensewiki.com/compare/germany-vs-luxembourg/
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