

Global Blueprints for Renter Monetization

A Deep-Dive Analytics Report

WhitePaper
V2 2026



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Building on the structural diagnosis of the UK's £1.8 billion "liquidity leak" established in our primary report , this deep-dive analysis explores the industrialized models of global financial leaders.

Following the insights presented in our primary report, **The £1.8 Billion Opportunity Gap**, which identified the massive structural "liquidity leak" within the UK banking sector, this detailed follow-up examines the specific industrialised models used in mature international markets. While the UK has historically abdicated its role in the rental transaction to third-party administrative schemes, research into the DACH region, Spain, and the US reveals a clear pattern: successful financial institutions treat the rental deposit not as a burden, but as a core acquisition and retention channel.

1. Global Lessons: How the World Monetizes Rent

The following data sets the stage for how international financial institutions have successfully integrated into the rental value chain.

Market	Germany	Spain	United States
Households in the rented sector	23.3 million	4.2 million	45.0 million
New annual tenancies est.	2.5 million per year between 2023-2025	~ 0.6 million	3.7m (low mobility) – 9.3m (high mobility)
% of households who are tenants	~52%	~25%	35%
Gross Annual Value (Flow)	~£3.9 billion	£0.9 billion	£2.2bn – £5.2bn
Average Deposit Paid	£1,550	£2,020	£1,230 (1 mo) - £2,840 (2 mo)
How many monthly rents?	Max 3	Max 3	1-2 depending on state
Avg. length of residence (years)	11	5–6	3
Refundability of deposit	3–6 months	Normally 30 days	14 to 30 days



2.1 The German Model

Markets: Germany, Switzerland, Austria.

Key Players: Deutsche Bank, Commerzbank, German savings banks, and UBS.

German-speaking countries have the highest tenant penetration in Europe. In Germany alone 52% of households are tenants - 23.3 to 25 million. It is the number 1 tenant-country in the EU as more people live in rented properties than in owned ones.

The market standards are the **Security Deposit** (Barkaution) (70% to 80% market share) and the **Assigned Savings Account** (Verpfändete Spardbuch) at 10% to 15%.

The Mechanism:

In the security deposit the tenant transfers the rental deposit to the landlord who must place these funds into an insolvency-proof and interest-bearing account, generally an escrow (savings) account at a financial institution. The tenant will receive the accrued interest.

In the assigned savings account the tenant opens a savings account and assigns the amount of the rental deposit in favour of the landlord. The funds remain in the tenant's name, accruing interest and contributing to the financial institution's total deposit base.

The Financial Institution's Advantage:

- **AuM Retention:** In the security deposit and assigned savings account capital does not leave the institution; it simply changes status from "free" to "ring-fenced or assigned."
- **Stickiness:** Because the account is tied to a tenancy, the tenant is legally bound to the financial institution for the duration of the tenancy (avg. 11 years in Germany).
- **Capital requirements:** The security deposit and assigned savings account are not subject to any.
- **Cross-Sell:** Major players like Swiss **UBS** have evolved this further. They now offer a "hybrid" journey where a customer can choose between blocking cash or purchasing an insurer-issued surety bond (in partnership with companies like Zurich), effectively monetizing customers who lack liquidity.

Takeaway:

Financial institutions in Germany have always successfully managed rental deposits for over 100 years. The business as a **standardized legal process** is firmly linked to the tenancy law reform of **1983**. Today German financial institutions command a market share of around 80% representing an annual flow of £3.9 billion.



2.2 The Spanish Model

Market: Spain.

Key Players: CaixaBank, Banco Sabadell, and Banco Santander.

There are approximately 4.2 million rental properties in Spain. Approximately 600,000 new tenancies are signed annually, but the trend is downward due to a lack of stock (supply), not a lack of tenants.

In Spain there exist two instruments for securing tenancy agreements. One is the **Fianza** (the Legal Deposit), a mandatory one-month deposit which must be transferred to a Regional Housing Agency. The other one is the non-mandatory **Garantía (Aval) de Alquiler** (bank guarantee) which is limited to a two-month deposit. Financial institutions do not legally hold the legal deposits.

For many financial institutions the market for rental guarantees has become a niche or luxury product for clients who prefer blocking money to paying a non-refundable premium. Traditional banks (15 - 20% market share) technically remain in the market, but their actual share has fallen recently in favour of insurance companies (65 - 70%).

In the past, a bank guarantee was the gold standard because it meant "guaranteed cash." But in the modern rental market, cash isn't the only problem due to:

- **The Eviction Nightmare:** If a tenant stops paying, a bank guarantee only pays out the money. It does **not** help you evict the tenant. The landlord still has to hire a lawyer, pay court fees, and wait 6-12 months for the eviction.
- **The Insurance Solution:** Insurance pays the rent and handles the dirty work. They provide the lawyers, pay the legal fees, and manage the eviction process. For a landlord, this is far more valuable than just having a pot of money locked in a financial institution.

Spain's eviction numbers are nearly the same as in the UK, but are painful given the small size of the rental market. Today, 75% are rental evictions (landlords vs. tenants). Many evictions happen simply because tenants have zero income, not because they are withholding rent maliciously.

The Mechanism:

The tenant assigns (i.e. locking away the funds) the amount of the required rental deposit in favour of the financial institution which issues the rental guarantee in favour of the landlord.

The Financial Institution's (Dis)advantage:

A lot of Spanish banks actually dislike issuing rental guarantees for average retail clients due to operational drag, low profitability and capital requirements. Banks realised they earn more money selling insurance (getting a commission from the insurer) with zero risk and zero capital usage.

- **AuM Retention:** The market leaders are CaixaBank, Banco Sabadell and Banco Santander. CaixaBank is the absolute leader because it controls the largest share of the retail market and real estate, so they issue the most guarantees. Banco Santander maintains a strong position, particularly for higher-end clients and international tenants (expats) who need to assign foreign assets or block cash to secure a tenancy. Banco Sabadell is a key player for commercial rentals (offices/shops), but less active in residential rental guarantees today.
- **Stickiness:** Because the deposit is tied to a tenancy, like in Germany and the US the tenant is bound to the bank for the duration of the tenancy (avg. 5 - 6 years in Spain).
- **Capital requirements:** The issuance of rental guarantees is subject to the rules of Basel III.
- **BBVA's** share in rental guarantees has dropped drastically because they have digitised the process to offer almost exclusively Allianz rent default insurance. The bank guarantee has been relegated almost exclusively to Private Banking.

Takeaway:

Banks have been guaranteeing companies for over 100 years, but they have been guaranteeing tenants on a mass scale only since 1995 with the coming into force of the current Urban Leases Act (LAU 29/1994). For the last 8-10 years, rental guarantees, which consume regulatory capital, have become niche products. Financial institutions have moved into the "**insurance distribution**" business, which is more profitable.



2.3 The US Model

Market: United States.

Key Players: JP Morgan Chase, Wells Fargo, Bank of America, Rhino.

The percentage of households who are tenants in the US is approximately 35% (45 million), not as high as in Germany (52%), but higher than in the UK (19%).

Based on the most recent market data for 2024–2025, the US rental deposit market is split between dominant traditional cash deposits (85 - 90% market share) and a rapidly growing sector of alternative "deposit-free" financial products (10 - 15%).

The Mechanism:

In the traditional cash deposit tenants pay a refundable lump sum to the landlord. State laws typically require refundable security (rental) deposits to be held in regulated financial institutions.

The most common alternatives are surety bonds. The tenant pays a non-refundable fee—typically 17.5% to 20% of the total deposit amount—to an insurer. The company provides a bond to the landlord that covers damages or unpaid rent. If damages occur, the insurer pays the landlord and seeks reimbursement from the tenant.

The Financial Institution's Advantage:

- **AuM Retention:** JP Morgan Chase, Wells Fargo and Bank of America dominate the market for large property management firms due to their ability to manage complex "Client Trust" (escrow) accounts with thousands of sub-accounts for individual tenants. JPMorgan Chase, considered the market leader for rental deposits, offers its specialized "Tenant Lease Security" product. This automated system allows landlords to open a master account with individual, interest-bearing sub-accounts for each tenant, handling the necessary tax reporting automatically.
- **Stickiness:** Because the (sub-)account is tied to a tenancy, like in Germany, the tenant is bound to the financial institution for the duration of the tenancy (avg. 3 years in the US).
- **Capital requirements:** These (escrow) accounts are not subject to any.

- **High-Yield Savings Accounts (HYSA):** The fastest-growing segment, where landlords move deposits into HSAs (like those by Goldman Sachs) to combat inflation, provided state law permits it.

Takeaway:

Based on the history of US tenant protection laws and banking regulations, US banks have been formally involved in the rental deposit space since the late 1960s, driven by state laws that first mandated security deposits be held in regulated financial institutions. Today they command a market share of around 85% representing an average annual flow of £3.7 billion.



2.4 Case Study in Integration: Glarner Kantonalbank & Zinsli

Market: Switzerland

Perhaps the most relevant example for the UK market is the partnership between Glarner Kantonalbank (GLKB) and the digital platform Zinsli.

GLKB did not just offer a product; they integrated the process. By plugging into Zinsli's platform, they allowed tenants to open rental deposit accounts purely digitally, without visiting a branch.

- **Result:** The bank captured a significant volume of deposits from outside its traditional geographic catchment area purely by reducing friction in the rental process.
- **Lesson:** Tech-enabled deposit management is a potent customer acquisition tool that transcends physical branch networks.

DepositPass: Bridging the "Rental Gap"

DepositPass is the infrastructure layer designed to bring these industrialised models to the UK. Our platform facilitates a seamless digital assignment of existing tenant assets—including deposits and savings—to the landlord, offering secure property coverage while keeping the capital on the bank's balance sheet.

By integrating DepositPass, UK financial institutions can finally stop the "liquidity leak" and transform "Generation Rent" from a dormant customer segment into a prime mortgage pipeline.

Conclusion: The £1.8 Billion Question

The international evidence is irrefutable: when financial institutions ignore the rental market, they leave money, data, and loyalty on the table. The UK's "Generation Rent" is waiting for a financial partner that understands their reality and treats their deposit as an asset.


The technology is ready. The regulatory framework is robust. The market need is acute. DepositPass is ready to build this bridge. The only remaining question is: **Which UK financial institution will be the first to cross it?**

READY TO LEAD THE RENTER ECONOMY?

The data in this paper is only the beginning. Whether you are looking to scale globally or dominate your local market:

GET STARTED: Deploy the DepositPass engine to secure your mortgage pipeline and capture verified renter data today.

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 Scotland: Rent (Scotland) Act 1984
 Northern Ireland: Private Tenancies Act (Northern Ireland) 2022
 Wales: Renting Homes (Fees etc.) (Wales) Act 2019

GERMANY

GOVERNMENT & ASSOCIATIONS

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 Zensus 2022: Official German Census
 Eurostat: Statistical office of the European Union
 Deutscher Mieterbund (DMB): German Tenants' Association litigation statistics
 Haus & Grund: Association of private property owners
 GdW: Federal association of housing and real estate companies

PRIVATE SECTOR & RESEARCH

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 Techem: Energy and water billing service (tenant fluctuation data)
 Empirica: Research institute for the housing market
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 ICO (Instituto de Crédito Oficial)
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