# Deutsche Bank's Private Banking Division Slashes Consultant Spending by 70%



**Deutsche Bank Cuts Consultant Spending by 70% in Private Banking Division**

Deutsche Bank’s private banking division has reduced its spending on external consultants by 70%. This cost-cutting measure follows a problematic IT project last year. The division is headed by Claudio de Sanctis, who succeeded Karl von Rohr a year ago. De Sanctis has significantly cut back on the use of external advisers from firms like Boston Consulting Group (BCG), reducing expenditures by a double-digit million-euro amount.

The private banking division, responsible for 33% of Deutsche Bank’s revenue in 2023 but only 19% of pre-tax profits, has long struggled with high costs and weak profitability. Historically, the cost-to-income ratio has been around 80 cents per euro of revenue.

In a move to address these challenges, De Sanctis ended the Vestivity project, which aimed to develop a digital investment platform. The bank also plans to close up to 250 Postbank branches, with an agreement reached with Germany's Verdi union. De Sanctis noted a 1.4 percentage point decline in the cost-to-income ratio in Q1 2024, attributed partly to reduced consultant and travel expenses.

Previously, the botched migration of 12 million Postbank customers to Deutsche IT systems resulted in over €100 million in additional costs and regulatory scrutiny from BaFin. JPMorgan analyst Kian Abouhossein observed a cultural shift under De Sanctis’s leadership, with increased focus on profitability in retail banking and wealth management.