

ING Positions

Transparency



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“ING advocates for 100% transparency in banking: Consumers should be able to comprehend financial products easily and rate these accordingly. Legal frameworks are needed to commit providers to a transparent display of their offers.”

Barbaros Uygun
CEO/General Manager Austria

What are our objectives?

- › **Fair market conditions:** We want a fair competition for customers. This is beneficial to consumers as well as customer orientated and effective providers.
- › **Market transparency:** A clear and transparent display of offers and services makes them comparable and enables consumers to choose products self-sufficiently. This requires clear legal regulation on how information is displayed by providers.
- › **Market competence:** We want to strengthen the financial competence of consumers in order for them to comprehend and compare products and services self-reliantly.

Transparency – How ING sees it.

ING's business model relies on longstanding and trusting customer relations. Fairness is the basis for it. Therefore we stand for transparent offers. We want to enable our customers to make decisions that are best for them.

- › **Clear and easy:** ING offers simple products as well as transparent procedures and fee structures. Our offers are purposely limited to a few and easily comprehensible products. There are no hidden costs or fees. All of this makes banking for customers easy and transparent.
- › **Trust:** Operating in a sustainable and fair manner is the basis for a trusting business relationship on equal terms. ING's customers receive all information and services so that they are able to make financial decisions self-sufficiently.
- › **Convenience:** ING's services are conveniently available anywhere and anytime around the clock. Via online-banking, our app or via phone. Digital services like our SmartSecure App make banking even more convenient – and all of this in full transparency.
- › **Efficiency:** ING works continuously on optimising our customer services as well as our operating procedures which are beneficial to our customers and ING itself. Greater efficiency, transparent procedures and cost awareness allow us to offer our customers very attractive terms.

Which legal actions are needed from ING's point of view?

ING advocates for **100% transparent financial products**. We therefore demand in Austria ...

1. a legal ruling that advertised interest rates for consumer loans must be achieved by at least 2/3 of all concluded agreements.
2. a legal ruling that consumer loan advertising must state the effective annual interest rate equally to other interest rates.
3. a ban on advertising claims using emotional phrases like “free” or “flexible” without stating any costs involved.
4. consumer loan providers must include a warning notice when advertising that borrowing money will involve costs.
5. a ban on alluring offers stating the lowest possible interest rate “from ...%” without including the highest possible rate “up to ...%”.
6. a legal ruling that additional costs of products, which are sold in combination with consumer loans, must be included in the effective annual interest rate.

Consumer protection laws concerning consumer loans in Germany.

The German Price Indication Ordinance contains among other statements a ruling regarding transparency of consumer loans. §6 states that in advertising the effective annual interest rate must be at least as clearly highlighted as any other interest rate.

Furthermore, a sample calculation must be specified in advertising which demonstrates the term of the agreement as well as the amount and quantity of instalments still to be paid.

An effective annual interest rate must be taken into account when calculating the sample. This specific effective annual interest rate must be achieved by at least two-third of all concluded loan agreements.

In Austria a comparable ruling exists regarding mortgages (see below) but not for consumer loans. However, this is precisely where the consumer is highly vulnerable.

Status quo: Transparency on the Austrian banking sector.

In Austria, consumer loans are often advertised with so called “door buster” offers. These offers feature attractive terms which can only be obtained by a small number of consumers. The reason: Only a very limited number of customers meet the stringent and necessary credit requirements. Instead of a refusal consumers often receive a different offer with a significantly higher interest rate. These offers which depend on the consumer creditworthiness can be identified in many cases by credit terms such as “interest rate from ... %”.

The true cost of a consumer loan will also be readily distorted by the prominent positioning of nominal interest rates. The effective interest rate which is essential to compare offers can be found in footnotes only.

The consequence of such methods: Consumers find it very difficult to compare products in order to make an informed financial decision.

Whereas the motto of ING’s online loan calculator is: “What you see is what you get”. The calculated instalment is precisely the same instalment which will come into effect upon conclusion of the loan agreement:

Requested amount	€ 5,000 - € 50,000	Interest ⁱ		Requested amount	€ 10,000.00
€	10,000.00	fixed	variable	Total amount	€ 11,817.12
Monthly instalment	€109.78 - €856.87	Term	12-120 months	Effective interest rate	4.8 % p.a. / 4.9 % p.a.
€	140,68	—	84 months	Monthly instalment	€ 140.68
<p>The figures mentioned in the loan calculator will come into effect upon conclusion of a loan agreement. (Subject to any malfunctions of the calculator or intermediate changes of terms and conditions). The loan agreement requires a positive credit check.</p>				Term	until May 2025 (7 years)
Apply for instalment loan					

Source and current terms: ing.at/kredit/kreditrechner



Transparency regulations for mortgages in Austria.

A step in the right direction towards transparency is the Mortgage and Housing Loan Act. According to the Act, when advertising a loan calculation sample, a credit provider must take an effective annual interest rate into account, with which the provider can expect to conclude the majority of loan agreements with this or a lower effective annual interest rate. A comparable regulation for consumer loans does not exist.

Over half a million customers trust ING in Austria and therefore it is one of the leading banks in the country. Its retail banking services include current accounts, consumer loans, mortgages, savings and funds. ING can be contacted 24/7. For large, international corporate companies our wholesale banking offers individual financial solutions as well as active accessibility to our global network with branches in over 40 countries. Around 250 employees work for ING in Austria. Being the first agile bank in Austria, ING drives digital innovation forward in order to be even faster, more efficient and more flexible in responding to customer needs.



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