

## Inducements provide important benefits and advisory services for clients

*Consumer groups have called repeatedly for an outright ban on inducements. This overlooks the fact that retaining inducements not only ensures advice for anyone seeking to invest in securities, but also offers clients significant added value.*

- *Inducements are the only way to provide a spectrum of personal advisory services to be made accessible everywhere and to every section of society.*
- *Inducements finance innovations, offering clients considerable added value – at no extra cost.*
- *The payment of inducements is always transparent for the client.*
- *Inducements are used solely for measures taken to improve quality. Public authorities can monitor and safeguard this by reviewing the list of inducements received and the use made of them, which the financial institutes continually update.*

Removing inducements would jeopardise the ability to provide all sections of society with universal access to personal investment advice. Savings Banks and other banks would have to focus on less costly channels (e.g. online or without advice) and on their more profitable branches in densely populated areas because experience shows that clients are rarely willing to pay for advice. Besides, there would be far fewer free add-on services geared specifically to inexperienced investors with small portfolios. Many of these services can also be used by non-clients.

### **Better financial literacy**

For a long time, the institutions affiliated with the Savings Banks Finance Group have made it their mission to build a securities culture in Germany. Less wealthy retail clients, in particular, need guidance and encouragement to invest in securities. Improving the financial literacy of all sections of society plays a major role in this context. Inducements enable these institutions to offer numerous forms of assistance free of charge. Our “SchulService” builds an awareness of financial matters among school students and teachers, establishing basic financial skills at a young age. For adults too, a diversity of free support is available to help people acquire an initial or more advanced understanding of how to invest in securities and manage

their own finances. This includes such things as the basic information posted on the institutions’ websites, the advisory service “Geld und Haushalt” featuring a Budget Planner (in four languages), a range of information brochures and various online asset calculators. In addition, the Savings Banks organise product-neutral specialist events on themes such as “An Interest-Free World”, “Sustainability” and “Stock Exchanges and Capital Market Forums”.

### **Sustainability aspects proactively integrated**

In another significant way, inducements are helping to set a new agenda: the transformation towards sustainable financial services. The inclusion of sustainability aspects in investment advice and asset management is not merely something many consumers are requesting, but is also a clear political objective for all the parliamentary parties in the German Bundestag. The institutions affiliated with the Savings Banks Finance Group have consequently integrated sustainable finance products into their investment consulting processes. Long before any legal requirement comes into force, the clients of the Savings Banks Finance Group are already asked whether they are interested in sustainable products and their interest is considered. In this way, the Savings Banks Finance Group has already gone noticeably further than

the measures currently being discussed by the legislator. This has required, among other things, financially demanding technical implementation measures.

### Services geared to online-savvy clients

Digital transformation confronts the institutions affiliated with the Savings Banks Finance Group with major challenges, and investment advice is no exception. To meet these, the Savings Banks Finance Group has developed user-friendly tools to enable clients to manage all their securities transactions online and to obtain all the information they need in order to do so.

Alongside the long-established online brokerage, clients can avail themselves today of two innovative robo-advisors: “Anlagekonfigurator” and “bevestor”. Both applications allow clients to access online investment advice and asset management, enabling them to benefit from professional investment strategies. The “Anlagekonfigurator” can also be used free of charge by non-clients. Moreover, the institutions’ websites and the application “S-Investor” offer clients and non-clients alike not only basic information about the various options for investing in securities but also the latest market and business data.

In addition, there are opportunities to set up sample portfolios and numerous specialist calculators, whether for price and investment performance or for inflation, dividends, foreign currencies and yields. A new feature here is the combination of offline, personal advice with online transactions (multichannel distribution). Clients can initiate a process online at home and switch at any point to personal advice (e.g. by phone or chat or at a local branch). Once data has been entered, it will not be lost.

### “At Home” service for clients with less time or mobility

Any clients who are unable to visit their branch during the usual opening hours but do not want to forego a personal service from their familiar advisor can benefit

from investment advice at home or at work. The same holds true for clients with limited mobility. For this purpose, the advisors of the Savings Banks Finance Group have been equipped with mobile devices like tablets, smartphones and mobile printers. This enables them to provide well-qualified, high-quality advice outside the office.

### Popular free extra services

- **Robo advice**
- **Sustainable products available and integrated into investment advice**
- **Apps to invest in securities and set up savings plans**
- **Free online calculators (currencies, dividends, assets, etc.)**
- **Online information about securities investments (overviews, videos, quizzes)**
- **Multichannel distribution (switching anytime between online and offline)**
- **Mobile advice services for clients at home (mobile equipment for advisors)**
- **Budget advice (Beratungsdienst Geld und Haushalt)**
- **Service for schools (Sparkassen SchulService)**

### Summary

Inducements provide all clients with substantial added value. Simultaneously, inducements enable the institutions of the Savings Banks Finance Group to pursue important political objectives such as better financial literacy, a stronger securities culture and more sustainability in financial services. The supervisory obligations ensure that the financial institutions do not use inducements unlawful. These obligations include total disclosure to clients of any inducements received, the maintenance of a register of inducements and their use, and high standards for managing any conflicts of interest.