

PRESS RELEASE

21st October 2008

Aggregation Metrics: Consumer Approaches to Online Aggregation and Broking of Financial Services in Europe

The Internet revolution enters a new phase: online aggregation and broking threaten the existing order

Introduction

The information contained in the following press release is drawn from Finaccord's recently completed market research study titled *Aggregation Metrics: Consumer Approaches to Online Aggregation and Broking of Financial Services in Europe*. Based on an online survey of over 5,000 consumers across France, Germany, Italy, Spain and the UK carried out between July and August 2008, the study provides fresh insights into the way in which consumers' use of distribution interfaces and channels is changing when they acquire financial services in Europe.

The rise of online aggregators and brokers ranks among the most important developments in the distribution of consumer financial services in Europe, following the growth of first telephone and then Internet sales. In the UK, leading competitors such as Confused.com and Moneysupermarket.com have risen to become some of the country's best-known financial services brands in just a few years and to a greater or lesser extent the price comparison model is being adopted by other major consumer brands such as Saga and Tesco.

Elsewhere in Europe, Internet sales of financial services have now reached the level at which online aggregators and brokers first made their breakthrough in the UK. So will the success of aggregators be repeated internationally? Will the Internet continue to usurp the dominance of distribution methods such as face-to-face and telephone sales? And will Internet distribution benefit aspiring aggregators and brokers more than direct lenders and insurers?

The *Aggregation Metrics* research series provides the answers to these and other key questions on the basis of its unique analyses of the behaviour of consumers in France, Germany, Italy, Spain and the UK.

It investigates how much consumers use the Internet to acquire banking or insurance products generally, and the number of websites they visit to compare products and prices. It then looks specifically at mortgages, personal loans, motor insurance and household insurance, analysing trends in distribution by interface (online, face-to-face, telephone and post) and by channel (aggregators and brokers, direct lenders and insurers, insurance agents, retailers, etc) to assess the potential for online aggregation and broking.

Over half of all consumers go online when taking out a financial product

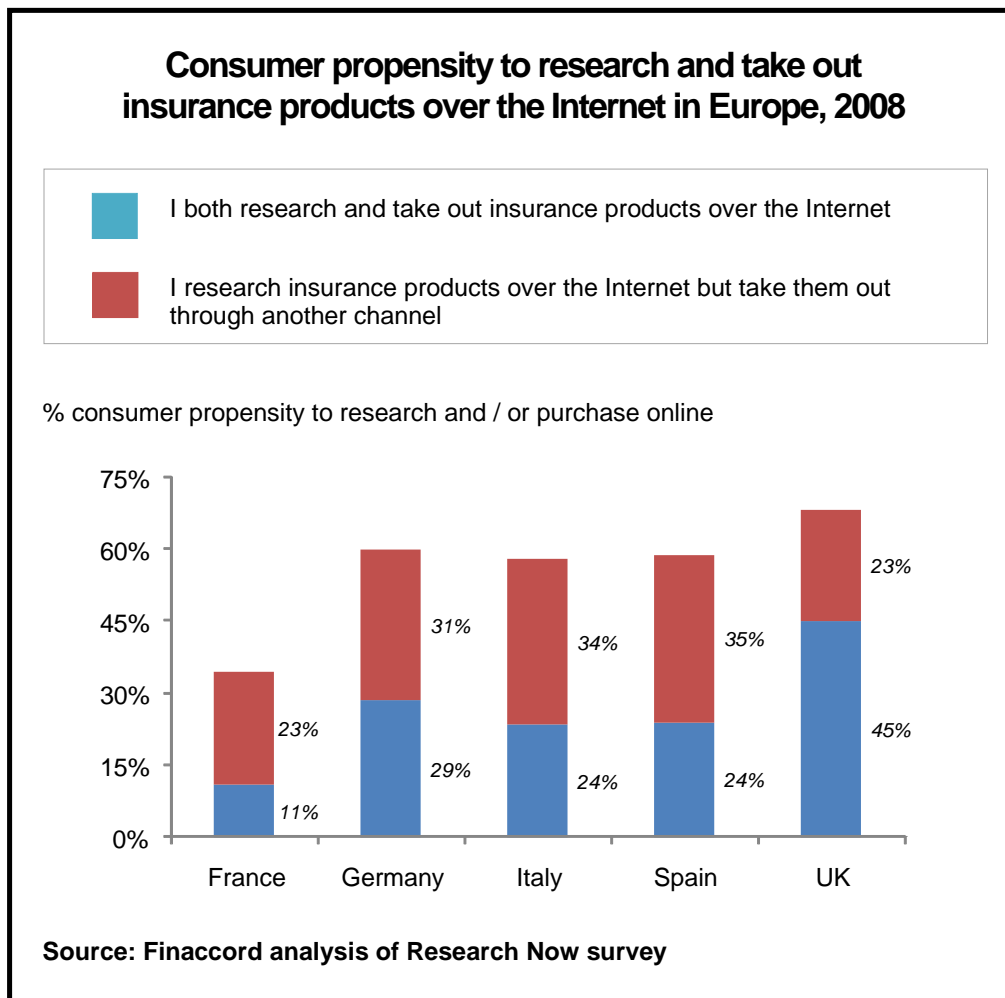
The Internet is used as part of the sales process by over two-thirds of consumers in the UK

Online shopping is now standard practice for European consumers for products such as books, music, travel tickets and clothing, and many consumers also buy financial products online as well. However, many more also use the Internet for research purposes before taking a financial product out face-to-face, by telephone or through the post.

The survey measured these patterns of consumer behaviour, and found that a majority of consumers now use the Internet to acquire a banking or insurance product, when those using the Internet for research only are added to those who apply online.

The graph below shows that the UK is the country with the highest use of the Internet for taking out an insurance product on this measure: 68% of respondents used it for research and / or for completing a purchase. Germany follows with 60%, and also has the second highest percentage of consumers actually completing a purchase online. Italy and Spain are level, and although France lags behind for online sales, with just 11% of consumers taking out an insurance product online, the Internet is still used substantially for research purposes.

Online aggregators and brokers have a large potential audience in all of these countries since they are ideal tools for research; the question is whether they can meet this demand, or if direct lenders and insurers, or alternative distribution channels, can do better than them.



Consumer awareness of aggregators' and brokers' websites

Brand recognition needs to be higher for aggregators and brokers to overtake direct providers

The survey also investigated which online providers were known by consumers, and how many websites consumers used when researching financial service products.

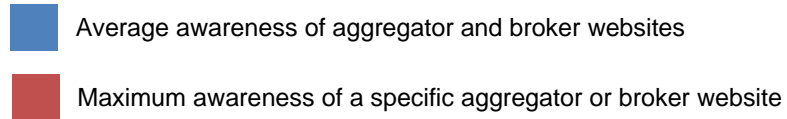
Most consumers look at no more than four websites for their research in all five of these countries and across both banking and insurance. This means that it is essential for competitors to develop a well-known brand if they are to become one of these selected sites.

The graph overleaf shows the percentage of consumers who said that they were either very aware or quite aware of leading aggregators' and brokers' websites, and the level of recognition for the best-known aggregators and brokers in each country. Awareness of these websites in the four continental countries lags a long way behind the UK, which is both an indicator of the success of online aggregators and brokers in the UK and of the work needed elsewhere for them to repeat this success. While awareness of the UK's main aggregators and brokers averaged out at 77%, this figure falls to 31% at best elsewhere (in Spain) and goes as low as 20% in France.

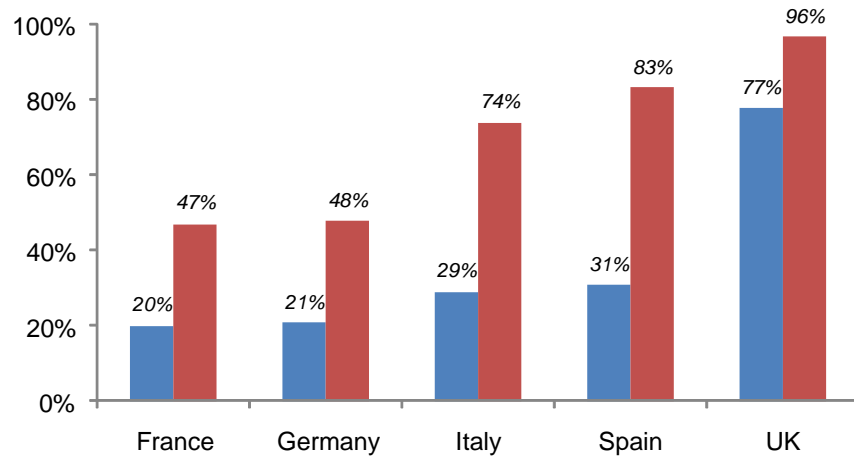
The best-known online aggregators and brokers are not so far behind the UK's most familiar aggregator, which is Confused.com, known by 96% of consumers. The leading brands in each country are RACE in Spain (83% recognition), Quattroruote in Italy (74%), FinanceScout24 in Germany (48%) and Assurland in France (47%).

Brand-building has been an expensive process in the UK: Moneysupermarket.com estimates that it, Confused.com and Gocompare.com together spent over £25 million on advertising in the first six months of 2008 alone. Hence, it is likely that successful online aggregators and brokers will emerge from companies with sufficiently deep pockets to buy sufficient brand recognition rather than from the ranks of traditional brokers, who tend to be much smaller. Thus, the future of this aspect of financial services distribution may lie with major organisations such as Tesco, which has established TescoCompare, or Deutsche Telecom, the owner of FinanceScout24.

Consumer awareness of online aggregators and brokers websites in Europe, 2008



% consumers who are very or quite aware of aggregators' and brokers' websites



Source: Finaccord analysis of Research Now survey

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David Parry, a financial services analyst at Finaccord, commented:

“Use of the Internet when buying financial services has already revolutionised distribution, and this revolution is far from over. Traditional banks and insurers responded well to the challenge of the first online specialists, back in the dotcom era, but they now have to meet a new threat from online aggregators and brokers - and price-sensitive consumers are more and more likely to shop around for a better deal as we enter a recession. So far online aggregators and brokers are doing well in personal loans across Europe, but are only thriving for motor insurance in France and the UK; traditional insurers tend to have better brand recognition, and it will take a lot of advertising spend to challenge them.”

Aggregation Metrics: Consumer Approaches to Online Aggregation and Broking of Financial Services in Europe was published in October 2008 and is available from Finaccord at a cost of £2,995. Separate reports drawn from the same research program focused on consumer attitudes towards online aggregation and broking of financial services in each of France, Germany, Italy, Spain and the UK are available at a cost of £995.

About Finaccord

Finaccord is a market research, publishing and consulting company specialising in financial services. It provides its clients with insight into and information about major issues in financial services in the UK, Europe and further afield, with a particular focus on marketing and distribution topics such as affinity marketing, bancassurance and strategic alliances. It bases its published information, research projects and consultancy assignments on robust data and knowledge rather than supposition and theory. By virtue of its international network of consultants, it is able to deliver information quickly and accurately across a range of countries worldwide.

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