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Together to the next level

CRIF INDUSTRY WATCH

A monthly edition on Data, Risk and Economic Insights

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Analysis and Studies

CRIF study: Germany, how banks can increase customer satisfaction

The study shows which areas offer banks the potential to strengthen customer loyalty and customer satisfaction in times of financial pressure.

CRIF study: This is how banks can increase customer satisfaction - in the young age group, one third would like support by digital channel

- CRIF study: This is how banks can increase customer satisfaction - in the young age group, one third would like support by digital channel
- Study shows banks customer expectations and potential for optimization
- 37 percent of respondents expect their financial situation to worsen in the next 12 months

71 percent of Germans expect their banks to be more helpful in times of financial difficulty. This is the result of the representative survey "Banking on Banks" conducted by the information service provider CRIF. The study surveyed 1,000 German consumers in July 2022 to investigate how the increased cost of living will affect demand for financial services in the coming twelve months. The study shows which areas offer banks potential to strengthen customer loyalty and customer satisfaction in times of financial pressure.

Consumers face new challenges

The pandemic, inflation, the Ukraine war and the energy crisis have led to significantly increased financial burdens for German consumers this year. As a result, 37 percent of Germans surveyed expect their financial situation to worsen over the next twelve months. "Many German consumers are facing challenges in the coming twelve months that they have not experienced before. To cope with them, they are looking for guidance and support" classifies Dr. Frank Schlein, Managing Director of CRIF Germany. "Our survey shows that many bank customers credit their banks if they succeed in offering individual support tailored to the customer's particular situation. This highlights opportunities for banks." For example, 41 percent of the study participants state that banks should better tailor their products and services to the needs of individual customers in the current situation.

Many approaches for greater customer satisfaction

The war in Ukraine and supply chain and inflation problems are having a significant negative impact on the German economy. This also affects private individuals. In particular, the sharp rise in energy prices, but also other commodity and food prices, have led to an inflationary increase in consumer prices. The financial situation of many private individuals in Germany remains strained due to steadily rising rent and energy prices. People in Germany will have less money in their pockets to meet their obligations such as loan payments, rent or financing. In the long run, less income leads first to over-indebtedness and then possibly to private insolvency.

The results of the study highlight a number of areas that banks can address to better tailor their offerings to demand and improve customer satisfaction. For example, one in three Germans (36 percent) believes that banks should approach their customers more in view of the current situation to help them save money on services such as insurance. When it comes to asset accumulation, 36 percent of those surveyed would now also like more support from their bank.

For Schlein, digitization measures are one way of exploiting the potential uncovered across different application areas: "Among 18- to 34-year-olds in particular, there is a strong desire for greater digitization of processes: around one in three (32 percent) would like to see support provided digitally. In addition, however, digital solutions can also be used to address many issues that were mentioned by all of the age groups surveyed: For example, additional help in improving their credit rating (26 percent), support with financial planning (24 percent) or earlier warning of financial bottlenecks (24 percent). There are now suitable digital tools for all these areas of application."

Digital solutions for a needs-based offering

There is no lack of willingness to share personal data: many German consumers consider it conceivable to share additional personal data - provided it would make it easier for them to take out a loan, for example (30 percent), or help increase their credit limit (25 percent). Under these conditions, willingness is even more pronounced among 18- to 34-year-olds. In this age group, just under 40 percent would increasingly share personal data. "Private information is a sensitive asset that must be handled responsibly, in compliance with data protection regulations and in a customer-oriented manner," comments Schlein. "To build trust, banks need to prove to their customers that they get something out of sharing their data."

Customers are particularly willing to hand over their data when it is used to warn them of financial problems (43 percent) or help them reduce their monthly expenses (42 percent). "Innovations in data management, analytics and digital services hold great potential for customer engagement," Schlein says. "In this way, banks can tailor their offerings to individual customers, helping them with the challenges of inflation and thus boosting trust."

Banks must adapt to new consumer situation

The expectations of German consumers show that the issue will become relevant for all banks in the coming months: according to CRIF's study, one in three (33 percent) fears that their standard of living will fall in the coming year. One in four (26 percent) even anticipates difficulties in paying bills or servicing loans. To prevent this, 65 percent of Germans are looking for a way to reduce spending on food, energy and other essentials over the next twelve months. One in three (35 percent) believe it is likely that they will have to take on extra income to meet the increased costs.

According to the survey, banks are nevertheless perceived as an anchor of stability in the event of a financial emergency. After the family, the bank is the second most popular contact for participants when it comes to dealing with individual financial problems. Of the Germans who expect to be in need of new debt (15 percent), 27 percent would turn to their bank to apply for a loan. However, people often ask their family first (33 percent) or rely on state support (26 percent). Here, too, it is clear that if banks succeed in improving their services, they can exploit opportunities and tap potential.

For the CRIF study "Banking on Banks," a total of 7,000 participants from six European countries (France, Germany, Italy, the Czech Republic, Slovakia and the United Kingdom) were surveyed from July 8 to 25, 2022. A weighted, representative sample of 1,000 adult Germans was evaluated for the statements on consumer behavior in Germany. The study reveals both the relationship of European consumers to their banks during the upcoming financially difficult period and their expectations regarding their financial situation. It is available in full length in English on request to presse.de@crif.com.

Import & Export Snapshot

Greece: a look at the market

Greece has a capitalist economy mostly based on the service sector and industry.

Greece is the southernmost country in Europe, bordering the Aegean Sea, Ionian Sea, and the Mediterranean Sea, between Albania and Turkey.

The history of the Hellenic Republic has distant origins. In fact, Greece was the cradle of the great stone and bronze civilization. In addition, the 5th Century BC saw the birth of the foundations of western civilization in Athens: philosophy, music, drama, rhetoric were all developed in this Classical period, changing the course of the world forever.

Century after century new empires followed one another, from the Roman Empire to the Byzantine Empire. In 1821 Greece was marked by the Greek War of Independence. In the following years, the country gained its independence and then added neighboring islands and territories to its territory.

After a period of internal strife, Greece became a parliamentary republic in 1974. Part of the European Union since 1981, the country has suffered a severe economic crisis since late 2009 that has had a strong impact on its economy.

The economy of Greece

Greece has a **capitalist economy** mostly based on the service sector and industry. The role of agricultural sector is marginal, but it gives work to the majority of immigrants in the country.

An important engine of the economy of the Hellenic Republic is tourism, which provides 18% of GDP. **In 2020, the GDP was equal to $188.8 billion making Greece the number 51 economy in the world.** 3.3% of it, however, comes from EU aids.

From 2015 to 2020 the exports of Greece have increased from $29.2B in 2015 to $35.8B in 2020. The top **exports** of the country are refined petroleum ($6.88B), packaged medicaments ($3.3B), aluminium plating ($701M), computers ($626M), and non-fillet fresh fish ($613M), shipping mostly to Italy ($3.39B), Germany ($2.62B), France ($2.15B), Cyprus ($2B), and Bulgaria ($1.71B).

On the other hand, Greece **imports** crude petroleum ($6.07B), refined petroleum ($2.56B), packaged medicaments ($2.43B), nitrogen heterocyclic compounds ($1.72B), and cars ($1.37B), mostly from Germany ($6.68B), China ($5.56B), Italy ($4.8B), Netherlands ($3.27B), and France ($2.75B).

Product Analysis

Cocoa Butter: import and export

The countries where the export of cocoa butter grew the fastest between 2019 and 2020 include Canada ($54.8M), Estonia ($25.6M), France ($24.7M), Singapore ($24M), and Cameroon ($19.1M).

As a component of cacao beans, **cocoa butter** has centuries of history. Cocoa was most certainly discovered by the Olmecs in Mesoamerica and then also used by the Mayans in 600 BC and the Aztecs in 400 AD. These civilizations considered cocoa the symbol of abundance, brought to them by the God of their own religion.

The first European man who exported the plant to Europe was Hernando Cortez. With the Spanish Conquistadors, he colonized the native cultures and then exported the plant back home, developing chocolate all over the continent.

Cocoa butter was firstly extracted in 1828 thanks to the invention of the Cocoa press, created by Conrad Von Houten to extract a purer chocolate. In 2020, this smooth emollient used to protect skin and hair was the **440th most traded product** in the world, with a total trade of $5.8B.

Between 2019 and 2020 cocoa butter registered a decrease of -1.09%, from $5.86B to $5.8B, representing 0.035% of total world trade. In 2020 the product was mostly exported by the Netherlands ($1.57B), Indonesia ($808M), Malaysia ($599M), Germany ($455M), and France ($437M). In the same year, the top importers were Germany ($832M), Belgium ($573M), United States ($566M), Netherlands ($507M), and France ($452M).

The countries where the export of cocoa butter grew the fastest between 2019 and 2020 include Canada ($54.8M), Estonia ($25.6M), France ($24.7M), Singapore ($24M), and Cameroon ($19.1M). In the meantime, the imports grew the fastest in France ($91.1M), United Kingdom ($38.3M), Poland ($26M), Italy ($22.7M), and Australia ($20.9M).

Article of the Month

Synesgy For Financial Banking

Granular data are becoming essential to capture the diverse needs of an expanding investor and financial base.

There is no doubt that environmental, social and governance (ESG) investments will be the dominant theme of the financial sector and markets over the next decade. About one-third of all assets under management, or $35 trillion of assets under management worldwide, use some form of sustainable investment strategy.

Granular data are becoming essential to capture the diverse needs of an expanding investor and financial base. Moreover, today's ESG investors are far from uniform and **there is a growing need for data and analysis that address both “value” and embedding ESG 'values'.**

ESG data are strongly recognized as critical assets for financial institutions and for the banking sector and Synesgy as a global digital platform allows to:

- **Collect ESG data** in a granular way.
- Understand their criticality as they will become the new protagonists in **strategic and business model decisions** as well as reputation on the market.
- Adapt business plans to ESG criteria especially in relation to credit risk policies. These plans must clearly outline a roadmap with verifiable milestones and describe a solid implementation and monitoring process.

Synesgy’s methodology follows the guidelines that policy makers worldwide are recommending in building the regulatory architecture to ease sustainable finance’s growth and development.

For example, according to the Principles for Responsible Investment, there are more than 750 policy tools and guidelines related to sustainable finance in place today – up from just 320 in 2012.

Many of these policy initiatives – from the EU’s Sustainable Finance Disclosure Regulation to alignment with recommendations from the Task Force on Climate-Related Financial Disclosures – mean that market participants need increasingly holistic datasets and key sustainability performance indicators to meet evolving regulatory requirements.

Additionally, it is to mention also the **increasing importance of stakeholder management** in explaining why double materiality is taking root for the disclosure and reporting of financial institutions – not only with policymakers but also among investors.

Certainly, a double materiality perspective captures the dynamic nature of materiality: sustainability issues today may evolve into financially material risks tomorrow.

To achieve the issues contained in the double materiality approach, regarding to both financial and sustainability aspects that financial institutions have to disclose, it is fundamental taking into account the **guidelines emanated by the European Central Bank (ECB)** in the thematic review into banks' strategies and their governance and risk management frameworks, examining whether banks adequately identify and manage climate risks as well as environmental risks.

In fact the ECB set of **the milestones for all Banks**, plans to:

- **by March 2023:** to define a comprehensive materiality assessment of the impact of climate and environmental risks on their activities;
- **by the end of March 2023:** to define the inclusion of climate and environmental risks in their governance, strategy and risk management;
- **by the end of 2024:** to define the inclusion of climate and environmental risks integrated into stress testing frameworks.

In order to meet the above mentioned achievements, Synesgy is the right tool to align the regulatory frameworks and to assess the ESG performances of financial institutions portfolios and investments.

Through the ESG evaluation and the assessment provided by Synesgy, banks and financial institutions in general can easily address concrete and tangible benefits for each ESG pillar, as explained below.

Environment

- Measuring **Carbon Footprint** portolios;
- Monitoring **climate-related impacts.**

Social

- Reporting of **subsidiaries' social impacts;**
- Enhancing **suppliers' sustainable culture.**

Governance

- Enhancing **governance policies disclosure;**
- Reporting **systemic risk management.**

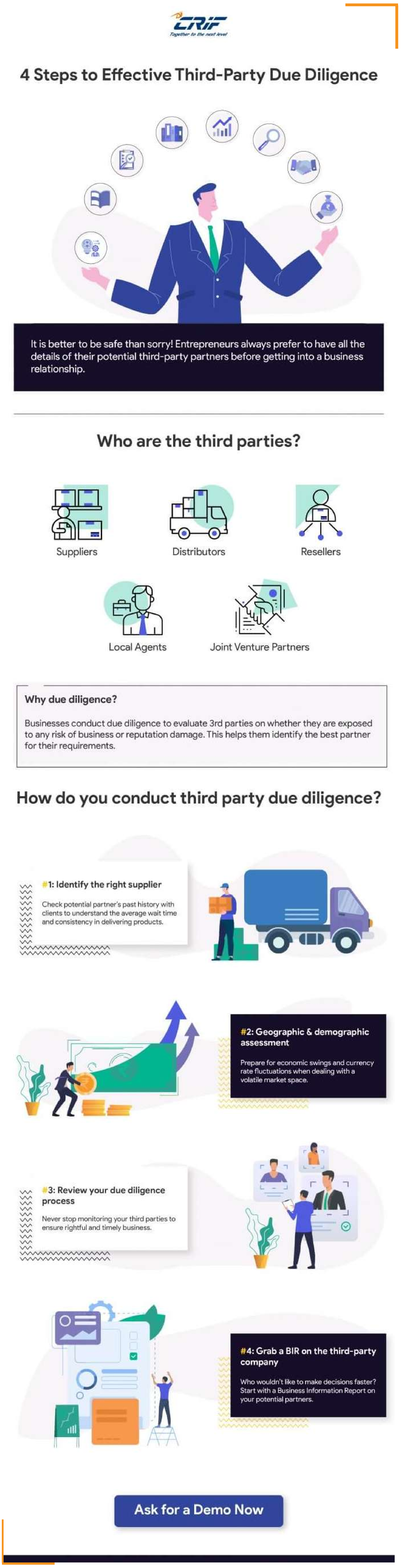
Concluding, it is worthed to say that it is widely recognized the growing recognition that companies and investors should support for a fair and just transition for workers and communities as they mobilise capital to realise critical climate objectives over the next decade.

This means that topics including responsible company re-organisation, career development and retraining, and community relations will be critical components as companies look to decarbonise their business models and balance sheets.

It is also believed that ESG assessments on companies should speak to more than just their ability to manage ESG-driven financial risks: to address this purpose Synesgy is the tool that allows to capture how financial companies are generating value that extends beyond shareholders to diverse stakeholder communities and the environment itself.

Quick Infographic

4 Steps to Effective Third-Party Due Diligence – An Infographic



About CRIF India

CRIF India is one of India's leading provider of Credit Information, Business Information, Analytics, Scoring, Credit Management and Decisions Solutions.

CRIF's Business Information Report, commonly known as the BIR Report, is a new way of thinking about data and information and how they are linked to each other. Available in 230 countries and territories, CRIF'S Business Information Report contains up to date information collected from various data sources. The report helps in determining a company's profitability, financial trends, and risk. It also provides an in-depth profile of a company, including financial information, legal cases, history of business, ownership details, operational information, and details on related firms and special events that occurred in the past involving company management. It's an industry standard for evaluating both new and existing credit relationships, especially medium-to-high risk accounts. Additionally, it supports a company's other efforts, like marketing and purchasing.

CRIF India's Business Information Offerings

How is CRIF different?

We brought in new Sets of Data Points, First in the Industry at a TAT less than 48hrs.

Global Data Environment
200 million companies across 230 countries,
2 Million directors on these companies,
400+ data points covered

Unmatched expertise in analysis
Our vast experience gives us an eye for better assessment of information

Count on our TAT
Quality in expertise translates into efficiency in outcome

Quality checks
We've set processes to ensure reliable information is coming your way

Customized solutions for: Customer I Suppliers I Trade / Supply Chain solutions

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