

## Press release

Vienna, 11 July 2018

### Study: Austrians sceptical about banking with fintechs and internet giants

- **6 out of 10 Austrians use online banking**
- **95% cannot imagine banking with facebook**
- **2018: 3 million George customers in Europe**

#### Online banking segment is growing

6 out of 10 Austrians regularly use online banking, up from about half that number in 2005. One of the reasons is the penetration rate of smartphones in Austria, which has increased to 72%<sup>1</sup>, and the resulting popularity of mobile internet. Hardware has changed, and so have software and apps – as is reflected in the log-in numbers: “77% of our George users log in via smartphone”, says Thomas Schaufler, Director of Retail Banking of Erste Bank Oesterreich. Therefore, Sparkassengruppe has put a strong focus on the optimisation of mobile services under the umbrella of the banking app “George Go”. Access to one’s own financial services is getting increasingly simple, given that smartphone providers offer new technologies such as fingerprint scanners or facial recognition tools. This entails a drastic reduction in log-in times. Whereas a username/password log-in averages 23 seconds, the George app log-in takes only 7 seconds. “In the year to date, we have saved our customers a total of 21 years of time,” explains Schaufler. The strict specifications as laid down by the Payment Service Directive 2 (PSD2) with regard to customer identification had already been taken into account prior to the Directive’s coming into force. While Erste Bank has been rolling out its new branch concept consistently, the bank has also started in good time to invest in the online and mobile banking segments. “People do not want to see a difference anymore – whether they are banking online, mobile, or at a branch. We have to create a standardised experience for them,” says Schaufler.

#### Banking with fintechs, Google or Amazon

According to a representative survey by Integral on behalf of Erste Bank und Sparkassen, 9 out of 10 Austrians have indicated that innovation is very important to them. Interestingly though, hardly anyone wants to do banking with internet giants, despite the fact that many of them are regarded as particularly innovative. 83% of the people polled said they would not want to accept banking services from Amazon, with 87% having reservations in connection with Google and 95% with Facebook, which tops this list of refusal. Equally low levels of Austrians are currently interested in fintech offers: 8 out of 10 do not find them interesting. “We still must not lose our respect for those players,” explains Schaufler. “This is the status quo. But we know how quickly things can change once certain offers have been integrated into the daily routine of people.” A crucial issue is the fact that Austrians attach great importance to data protection, personal relations, and trust. A survey on where people think their data are safest, 72% think their data are safer in online banking than with Amazon (7%). 2% think that Google is more trustworthy, whereas 77% believe their online banking provider to be more trustworthy. Amazon (35%), Google (34%), and facebook (38%) are only ahead when it comes to the fun element in using an application. Interestingly though, online banking has improved from 17% to 19% since 2015, whereas the other three providers (i.e. Amazon, Google, and facebook) have experienced declining numbers. “At 22% across Austria, George has produced a particularly good result,” says Schaufler. New products and functions in George will support the continued growth of the banking platform. After all, in addition to the fun factor, users also have to get specific value-added. For example: you are on holidays and cannot remember the pin code of your credit card. “The George Go App can show the pin – this function has been added recently – and can thus solve a problem for the customer there and then,” as Schaufler illustrates.

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<sup>1</sup> Retail Banking Report, 1<sup>st</sup> half of 2018

## George continues to experience strong growth

“By the end of the year, we will have about three million customers across four of our countries,” as Peter Bosek, Chief Retail Officer of Erste Group, explains. Erste Group founded the Erste Hub at the end of 2012, i.e. its own innovation laboratory, where George was created as well. “What others are only working on now, we started as far back as 2015,” says Bosek. 99% of all Austrians attach great importance to highest safety standards and data safety and security. “Our own history makes us much more trustworthy in terms of data protection than big technology groups,” explains Bosek. “With us, customers can be sure that we will not sell their data on to any third parties.”

George will be available to the roughly 16 million customers within Erste Group in the future. This would make it the biggest pan-European banking platform. At the moment, the platform has about 2.5 million users, 1.6 million thereof in Austria.

Study design: Integral surveyed 900 Austrians via online interviews. The survey took place from 19 to 29 April 2018. The results are representative for the Austrian population (from 16 years of age upwards).

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**Erste Bank and Sparkassen** are among Austria's largest providers of financial services. Around 15,500 employees serve more than 3.6 million customers in more than 1,100 branches and bank branches. In 2017, Erste Bank and Sparkassen met more than 22,600 people with the dream of having their own home, paid out 238 million euros in interest to domestic savers and enabled around 7,500 young entrepreneurs to realize their business idea.

Erste Group is the leading financial services provider in the eastern part of the EU. Around 47,000 employees in more than 2,500 branches serve around 16 million customers in seven countries (Austria, the Czech Republic, Slovakia, Romania, Hungary, Croatia and Serbia). For the full year 2017, Erste Group's balance sheet total amounted to EUR 220.7 billion, net income was EUR 1.31 billion and its core capital ratio (CET1, Basel III, full application) was 12.9%.

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