

BAWAG P.S.K. HOSTS “FINANZJOURNALISTEN-FORUM”: RETAIL INVESTORS IN AUSTRIA TO CATCH UP WITH SECURITIES

- ▶ Kick off for initiative “Six Billion More” at “Finanzjournalistenforum” in BAWAG P.S.K.’s main banking hall
- ▶ Reservation towards securities: Fear of volatility blocks Austrians’ view on potential earnings
- ▶ BAWAG P.S.K.: One-on-one consultation with advisors essential for first steps in securities investment

VIENNA, 14 November 2018 – Around 50 financial and economic journalists and industry representatives took part in yesterday’s “Finanzjournalistenforum” hosted by Martin Kwauka in the main banking hall at BAWAG P.S.K.’s headquarters. The event was organized under the motto “Six Billion More” and addressed the question of what needs to be done to eliminate Austrians’ reservation towards securities. *“If the investment behavior of the Austrian population could be changed in order to increase the net return by one percentage point on a sustainable basis, it would allow more than six billion euros of additional private assets to be created per year – and we would still be a long way off from the European average,”* explained **Martin Kwauka**, founder of the “Finanzjournalistenforum”. **Markus Gremmel**, Head of Marketing and Product Management at BAWAG P.S.K., **Arne Holzhausen**, Head of the Economic Research Department at Allianz SE, **Ernst Vejdovszky**, CEO of S IMMO AG and **Constantin Veyder-Malberg**, CEO of Capital Bank, took part in a podium discussion.

Citing current studies, **Holzhausen** pointed out that the development of private monetary assets in Austria has lagged significantly behind the development seen in the remaining Eurozone countries since the financial crisis. This is certainly not a result of the austerity measures; the problems lie elsewhere: Austrians’ investment income only totaled about half of the amount generated in the other Eurozone countries and the capital gains amounted to just a third of the reference value. The result: The nominal return for the years since 2012 is just 2.4% (average for the remaining Eurozone countries: 4.8%), and this drops to a meager 0.7% (3.7%) after inflation is deducted. There is no need to ponder what the causes might be: Nowhere else in the world is the share of cash and bank deposits in the portfolio as high as in Austria – and at the same time, the share of equities as low. Austrian households are doing far too little with their assets.

There are many reasons for this: Based on BAWAG P.S.K.’s experience, many retail customers generally do not consider investing in securities products until after a personal consultation with a bank advisor. *“Investing in securities is a matter of trust. A personal consultation and building up trust are extremely important during the initial steps when investors consider investments beyond the ‘conventional savings account.’ Plus: Lots of people primarily think of volatility and potential losses in connection with securities, and only very few immediately recognize the opportunities for long-term potential earnings too,”* emphasized **Markus Gremmel**.

In addition, BAWAG P.S.K. has observed that customers are parking higher and higher amounts of money in demand deposits. *“The decision not to invest is also an investment decision – but it is possibly the worst one you can make. Because at an inflation rate of 3%, your assets are reduced by a fourth in ten years, and by nearly half in 20 years,”* **Gremmel** pointed out. Therefore, BAWAG P.S.K. is increasingly focusing on raising awareness for this issue among its customers: Because maintaining their own purchasing power is important to Austrians – especially when it comes to retirement. But being able to accurately estimate or ideally limit the risk of losses is considered equally important.

Along with uncertainty regarding the volatility and risk involved with investing in securities, many people also have a low level of knowledge about financial topics. *“Austrians have to catch up to gain understanding for basic concepts such as equities, bonds or funds,”* said **Gremmel**.

Ernst Vejdovszky of S IMMO AG emphasized the capital market’s role as a great balance to savings accounts, supported by the current, historically low interest rates level: *“Real estate should definitively be considered for investment portfolios. Private homes and investment apartments are very popular amongst Austrians. For those, who plan to invest lower amounts, real estate stocks are a great alternative.”* **Constantin Veyder-Malberg** commented, that the Austrians don’t have a clear investment strategy: *“Retail investors, who follow a strategy, stand*

market volatility easier and get rewarded with significantly better rates of return, which is crucial for maintaining one's purchasing power."

Arne Holzhausen stressed that Austrians did some things right during the financial crisis, because wealth continued to grow despite the turbulence: *"But they missed the moment when it came time to switch out of crisis mode, and security and liquidity are still the dominant factors influencing people's behavior. Thus, Austrians have more or less slept through the subsequent six years of economic upswing. And that has been costly – with a bit more risk tolerance, monetary assets could be at least EUR 25 billion higher today."*

About BAWAG Group

BAWAG Group AG is the listed holding company of BAWAG P.S.K., which is headquartered in Vienna, Austria, with the main banking subsidiaries *easybank* and *start:bausparkasse* in Austria as well as *Südwestbank* and *Deutscher Ring Bausparkasse* in Germany. With more than 2.5 million customers, BAWAG P.S.K. is one of Austria's largest banks operating under a well-recognized national brand and applies a low-risk, efficient, simple, and transparent business model focused on Austria, Germany, and developed markets. The Bank serves retail, small business, and corporate customers offering comprehensive savings, payment, lending, leasing, investment, building society, and insurance products and services through various online and offline channels. Delivering simple, transparent, and best-in-class products and services that meet our customers' needs is the consistent strategy across all business units.

Contact:

Manfred Rapolter (Head of Communications, Spokesman)
Tel: +43 (0) 5 99 05-32011
E-mail: communications@bawaggroup.com

Henriette Mußnig (Press Officer) and Doris Unterrainer (Communications Specialist)
Tel: +43 (0) 5 99 05-32086
E-mail: communications@bawaggroup.com

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