

# Focused on Europe

Currently operating with almost 5,100 full-time employees in 14 European countries, OVB Holding AG is looking at a generally positive business and earnings development in the first nine months of 2016. According to its latest quarterly report, the Group's total sales commission has therefore risen by 3.2% to EUR 171.1 million. Business volumes in the Southern and Western Europe segment increased significantly, while the Central and Eastern Europe segment posted slight growth. Its German business is slightly in decline after the first three quarters at EUR 46.3 million – compared to EUR 47.4 million in the same period of 2015. In an interview, finanzwelt spoke with OVB's CEO **Mario Freis** about the strategy and sales philosophy of the parent company based in Cologne.



Mario Freis, CEO OVB Holding AG

**finanzwelt:** Your current business figures suggest that you are apparently plotting a solid course with your company's international business model. Regardless of this, financial service providers operating throughout Europe particularly are facing major challenges. Is it possible that regulatory changes on individual national markets in particular could slow the OVB Group's growth momentum?

**Freis:** Naturally, excessive and inappropriate regulation can have a negative impact on our growth momentum. However, OVB is already subject to constant regulatory changes throughout Europe. We want solid, long-term and profitable growth. One of the biggest risks lies in a changing regulatory environment. We are aided by our experience in dealing with regulation on individual markets, which we can

often apply to others. This is a clear advantage that allows us to react quickly, effectively and appropriately to adopt the right strategic positioning for the competitive environment. We feel that this will be vitally important in future competition.

Moreover, regulation does not alter the needs of customers. Across Europe, there is the threat of the declining effectiveness of social

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security systems and the emergence of pension gaps for many citizens. The share of older people in the population is rising: on the one hand due to a low birth rate, on the other to higher life expectancy. Qualified financial and pension advice will therefore be in more demand than ever.

**finanzwelt:** You operate in 14 countries with very different overall conditions. In a worst case scenario, would it be conceivable that you concentrate more on selected countries in Europe and withdraw from others?

**Freis:** As long ago as the beginning of the 1990s, OVB started to become a more international operation from its home base in Germany, and to export its business model systematically and successfully to promising growth markets at an early stage. Our internationalism, which is unmatched by any of our competitors, is our key strength and therefore naturally a key strategic area of our future orientation. We will take a two-pronged approach. Firstly, we will focus on expanding our position further in existing markets. Secondly, we also intend to take our business model to new and promising markets if the timing and general conditions are right. Pulling out of individual countries is not a part of our strategic orientation.

**finanzwelt:** Whether regulation, digitisation, process optimisation or even product shopping carts. The demands of all shades that financial service providers are facing are enormous. How will OVB hold its ground here?

**Freis:** The basis of our business model is and remains internationally proven comprehensive one-stop financial consulting. We are convinced that customers need individual, personal consulting when it comes to complex one-stop finance plans requiring explanation, and that this will continue to be the case

in future as well. Online research and independent study are not enough to enable consumers to make far-reaching decisions about their personal insurance and pension provisions and to review these on a regular basis depending on their stage of life. For years, OVB has favoured forms of investment that offer real value. There is a reason why unit-linked life and retirement insurance policies and direct investments in balanced or equity funds, either as a savings plan or a one-off investment, account for around 60% of our new business. And our customers benefit from low interest rates in housing loan business. We see process optimisation and digitisation as key strategic action areas in which to achieve further efficiency gains and to respond to changing customer needs. We are currently gearing our corporate strategy towards these future market requirements.

**finanzwelt:** Let's talk about online research. To what extent have you seen a change in consumers in the recent past? Will the importance of InsurTechs and FinTechs increase significantly in the years ahead in line with this?

**Freis:** Even against the backdrop of increasingly hybrid customer behaviour, we believe that the need for personal consulting will remain fundamentally unchanged moving ahead, even in a more digital world. Our opinion on this issue is backed up by several studies. A recent analysis by the international market research and consulting institute YouGov shows that personal consulting on insurance products is still the clearly dominant sales channel on many markets, and that 79% of 20- to 40-year-olds prefer the option of personal consulting from a broker in an office, at a branch or at home. Nevertheless, we will also systematically address customer needs of any kind in this regard. Within the consulting and support

process, we will do this by using digitalisation to combine our key strength – personal, trusting contact with customers – with the current technical possibilities afforded by optimised processes. We are paying close attention to the FinTechs and InsurTechs operating on the market. We will look at their business models to see if any of them might make a sensible addition for us. We are not ruling out cooperations, provided that they are expedient for both sides.

**finanzwelt:** One last question: To what extent does your search still focus on the classic part-time consultant given the regulations and qualifications needed?

**Freis:** Our financial brokers, who hail from a wide range of industries and usually start working for us part-time – in addition to their main jobs – receive thorough orientation and we train them to the standard required in their country. The issue of “recruiting, training and retaining financial brokers” is one of the key strategic action areas in our strategy process. We will be advancing the issue of training and qualifications – not just because of the regulatory requirements – and gearing it even more systematically towards uniform underlying structures throughout Europe. Further elements for recruiting financial brokers to OVB and ensuring their long-term commitment include transparent contract design, a competitive remuneration model and international career opportunities. Thus, our ability to recruit and hold on to a sufficient number of dedicated, competent financial brokers is and remains the most important factor for our economic success and future growth. Only then will we be able to meet the demand for individual insurance and pension plans. (sf)